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U.S. Shows It Is Serious About Defending Dollar

Federal Reserve Move Lifts Currency, But Fails to Revive Weak Bond Market

By Lawrence Malkin
International Herald Tribune

NEW YORK — Swooping in for the second straight day, the Federal Reserve aggressively pushed up the value of the dollar on Thursday in a move seen by financial markets as aimed at helping the government's bonds as much as its currency. But if bond prices were also a target, the Fed missed.

The central bank, which can intervene in currency markets only on instructions from the elected government through the Treasury, started buying dollars at 11 A.M. Continental European markets were closed, and London was just winding down, giving the Fed a more manageable field in which to work.

Signaling its intention to raise its currency and not just stabilize it, the Fed bought dollars with Deutsche marks and yen at the high end — rather than the low — of offered prices in successive waves. This pushed the dollar close to points that looked better on traders' technical charts in an operation that Avinash Persaud of J.P. Morgan & Co. called "intelligent and strategic."

The dollar closed in New York at 1.5181 DM, up from 1.5154 DM Wednesday, and at 97.74 yen, up from 97.65 yen. The dollar rose to 5.2075 French francs from 5.1900 francs and to 1.2680 Swiss francs from

1.2635 francs. The pound weakened to \$1.6175 from \$1.6230.

Two days of intervention thus left the dollar well up from the postwar low against the yen, set Wednesday, of 96.20 yen. But the moves failed to restore confidence in the Treasury bond market, where the price of the benchmark 30-year issue slipped 3/32 point, to 93 10/32, and the yield edged up to 8.10 percent, from 8.09 percent.

The bond market was still waiting to see whether the Treasury's new policy of maintaining the dollar's value would be underwritten by the Fed with higher interest rates.

"The psychology is so pervasively negative in both the bond and currency markets that they are trying to shake it up," said David Resler of Nomura Securities. "Both believe the worst fears about inflation although they are not justified."

The collapsing dollar clearly gave fright to Washington so close to congressional elections and the quarterly sale of government debt set for next week. Those events will be followed by a Fed meeting Nov. 15 to set interest rates, and this combination of events helped answer the question of why the Treasury ordered the intervention now after passing up several opportunities

See DOLLAR, Page 16



SPOILS OF WAR — Bosnian Croat soldiers displaying a badge of the Bosnian Serb army and a Serbian flag, after Croatian troops captured a Serbian stronghold and the surrounding area in central Bosnia on Thursday. Page 10.

Dublin Offers Unionists a Guarantee on Ulster Status

Reynolds Would Ensure North of No Change Unless Majority Agreed

By James F. Clarity
New York Times Service

DUBLIN — Prime Minister Albert Reynolds said Thursday that his government was prepared to approve a radical change in the constitution of the Irish Republic to assure the Northern Protestant majority that they would never be subsumed in a united Ireland against their will.

Mr. Reynolds said he hoped his promise, made publicly and specifically for the first time, would assuage Protestant fears and accelerate the peace initiative he advanced in December with Prime Minister John Major of Britain.

He said he hoped that, in return, Britain would loosen its legal claim to sovereignty, and that he thought this was possible in the coming months.

He said he thought the peace initiative was proceeding well, and said not even isolated acts of terrorism would kill the effort.

One of the most contentious issues in the Irish-British effort is that of sovereignty over the six counties of the North comprising the British province of Ulster.

The Protestant majority wants to remain part of Britain, but the Irish Republic has a direct claim to sovereignty in its constitution. The Northern Protestants and London have demanded that Ireland change its constitution. A united Ireland is the ultimate goal of the overwhelmingly Roman Catholic Irish Republican Army, the ultimate nightmare for many Protestants.

In recent months, aides to Mr. Reynolds have said privately that he is flexible on the issue, but have not dealt in details. The possibility of constitutional change is also suggested in the Downing Street Declaration signed by the two prime ministers on Dec. 15. But on Thursday, in an interview in his office in Government Buildings, the prime minister said he wanted, for the first time, to make his policy public and explicit.

"We are aware of the fears of the Unionist community," he said of the northern Protestants. "So we are prepared to insert in the Irish constitution the principle of consent," that is, that as part of an overall peace agreement the Irish government would approve a constitutional amendment saying that there would be no change in the political status of the North without the consent of the majority. The amendment, with the full support of the government, would be put to a referendum, possibly with other aspects of the overall settlement.

Mr. Reynolds acknowledged that the Irish claim to sovereignty in the North, in Articles 2 and 3 of the constitution, had long been a vital article of faith among Irish nationalists in the republic, adding, "The fear of the Unionist community was that the Republicans boasted that they would go in and take over the North by force."

He said he hoped his explicit promise to change the constitution would move Protestant leaders to meet with him to discuss this and other issues.

The prime minister said he also hoped that his statement would smooth out differences between him and Mr. Major on the issue, and accelerate the completion of the new framework document the two leaders are preparing to set the stage for eventual talks involving all parties in the North, including Sinn Féin, the IRA's political wing, and the Irish Republic and the British government.

See POLLUTE, Page 7

New East Europe Wheezes, Its Old Pollution Woes Unchecked

By Marilee Simons
New York Times Service

PRAGUE — One place to measure the disheveled state of Eastern Europe's environment these days is a great electronic scoreboard in downtown Usti, a Czech town on a bend of the Elbe River.

New sensors are sniffing the bad breath coming off the local factories, and on the scoreboard the people of Usti can track the gases they inhale as if following an important sports event.

"We still get about 20 types of harmful substances," said Zdenek Cerny, a former army officer in charge of the monitors. "Suddenly, half the town may get pains in the joints. Or skin problems. When these

chemicals interact, it creates a kind of nerve gas."

Usti's air and its color-coded scoreboard showing the ups and downs of nine different gases is even bringing it fame. Air-quality specialists from Japan, the United States and Western Europe have flocked here like tourists visiting a chamber of horrors. "When they have just 10 percent of what we get," Mr. Cerny said, "they think they have a disaster."

The scene is repeated across Eastern Europe as new Western computers probe the haze over Budapest in Hungary or the dust and soot over Krakow in Poland and Sofia in Bulgaria. The onset of capitalism has not cleaned the region's befouled air.

soil or water. But its instruments are now measuring it.

The stark message of the sensors is that almost five years after the collapse of communism, the region's environment continues to decay. Chemical works, smelters, coal mines and power plants are still infusing air and water with waste far surpassing international standards and causing severe health problems. Toxic dumps go on poisoning groundwater and cities keep on spewing their raw sewage into rivers.

What's more, capitalism is bringing its own problems — more traffic pollution, less public transport, more Styrofoam, more clashes between environment-

alists and the peddlers of consumerism.

There have been some gains. Factory emissions have dropped, per se, a result of a sputtering economy where many plants have closed or slowed down. But the enormous task of installing filters, scrubbers and treatment plants has barely begun. And energy still comes largely from highly polluting brown coal. "Achievements" a discouraged World Bank consultant wondered aloud. "They are few, rather fragile and very dispersed."

The main reason for this slow pace is that regional leaders insist that, given the urgency of economic recovery, the environment must wait. This policy decision underscores a fundamental question fac-

ing Eastern Europe as it continues its transformation. Should anti-pollution devices, fines and taxes be further postponed in order to protect factories and jobs? Or will this bring more health and cleanup costs in the future, not only to restore the havoc of the past but also the new damage still being caused today?

The modern notion that development and environmental protection should go together has not reached here," said Lutzchev Toshev, the head of the environmental group Ecoglasnost in Bulgaria.

In theory, communism with its strict central planning had more power than free-wheeling capitalism to avoid or pre-

Kiosk

Bosnian Hijacker Gives Up in Oslo

OSLO (AP) — An armed Bosnian hijacker surrendered late Thursday after commandeering an airliner and demanding that aid supply lines be opened in Bosnia.

After holding at least 80 passengers and crew members aboard the SAS plane for more than three hours, the hijacker surrendered at Gardemoen airport outside Oslo.

The unidentified hijacker had demanded to speak with Bosnian officials and threatened to kill passengers if the police stormed the plane.

Leisure
A sort of Biennale, not in Venice but in Montenegro. Page 8.

Book Review Page 5.



OIL FIRE'S TOLL — A man in Durunka, Egypt, being comforted Thursday amid mourning for hundreds of victims of burning oil. Page 2.

Breakthrough in Hong Kong Airport Talks

By Kevin Murphy
International Herald Tribune

HONG KONG — After more than three years of negotiations bedeviled by numerous arguments over Hong Kong's political future, China and Britain agreed to a general formula on Thursday for financing the colony's \$20.3 billion airport.

The breakthrough on a project that is a symbol of British-Chinese cooperation, coupled with conciliatory statements from Beijing, has raised hopes that relations between the two countries have become more workmanlike.

But analysts warned that, with final details of the financing still to be hammered out and several other disputes unresolved, major obstacles remain to a smooth transfer of power to China in July 1997.

On Friday, the two sides will sign an "agreed minute" that will set borrowing caps for the Hong Kong government agencies involved in the project, an amount central to a dispute that has soured relations between London and Beijing since the airport plans were announced five years ago.

The head of the British delegation to the

Joint Liaison Group handling the negotiations, Hugh Davies, said the agreement would "help restore trust with the Chinese."

"It's a good step forward," said Mr. Davies of an agreement that will allow Hong Kong to borrow up to \$3 billion for the project. "It will, with any luck, unlock the arrangements that we need to make with the Chinese side on the important issues."

Zhou Nan, the head of the Xinhua News Agency, China's de facto embassy in Hong

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America's Elections Near, Voters Are in a Foul Mood

By Katharine Q. Seelye
New York Times Service

NEW YORK — Heading into Tuesday's election, American voters are profoundly alienated from their elected representatives and the political process and confess to a deepening powerlessness and pessimism over the future of the country, according to the latest New York Times/CBS News Poll.

Disgust with Congress is near the recorded high, and more than 60 percent of those polled were unable to name an elected official they admired.

The public has not appeared so disconsolate since 1979, when the country was gripped by economic stagnation and Americans were taken hostage in Iran. Now, people say that they are frustrated and cynical and that they feel life has veered out of their control.

"I don't feel the people of this country have any control over what's going on, even if we voted in the person we wanted," said Debra Fleisher, 35, a mother of four in Greenfield, Indiana.

"The country is so big and there are so many issues and everyone has a different point of view," she added. "It's hard to have a safe neighborhood anymore. Even the media doesn't have control because bad is what sells. Like the Simpson case: That's what people want to see."

Mrs. Fleisher was one of the respondents who agreed to a follow-up interview after participating in a nationwide telephone poll of 1,429 adults, taken Oct. 29 through Nov. 1. The poll has a margin of sampling error of plus or minus three percentage points.

Asked about "the way things are going

in the United States," 43 percent said they expected things to be worse five years from now. In addition, most people fear that the next generation will be worse off than they are.

In the poll, crime emerged as a stark symbol of fear and powerlessness, and it remains the overwhelming concern of Americans. Twenty-three percent of those surveyed identified crime as "the most important problem facing this country today."

Economic concerns ranked second, with 18 percent calling them the nation's most pressing problem. Health care, which dominated this year's congressional agenda and ranked second in September, has plunged to fifth place, tied with drugs.

Other sources of anxiety that emerged include a fear by a quarter of Americans that some close relative will lose his job in

See SOUR, Page 10

Disney Enchants Bourse

Attendance Shortfall Whistled Away

By Barry James
International Herald Tribune

PARIS — It's a small world, as a theme song of Disneyland Paris says. And it can be a hazy one, too.

The share price of Euro Disney SCA's stock leapt 18 percent on Thursday even though officials reported that attendance at the theme park had fallen about 10 percent this year, to 8.8 million visitors, not all of them paying. When the park opened two years ago, the company forecast attendance of 11 million a year.

Investors were heartened that the company had narrowed its loss to 1.8 billion francs (\$345 million) for the financial year ending Sept. 30, compared with a 5.3 billion franc loss the previous year.

Investors were apparently also pleased that this year, unlike last, there were no brutal surprises in the earnings statement. The loss was roughly in line with what analysts had been predicting.

Euro Disney said its improved results had come in part from cutting costs. Some of that improvement, however, is only a one-time waiver of management fees and royalties by the Walt Disney Co. in the United States, which owns 40 percent. It waived the fees for five years as part of the financial restructuring

plan. This saves Euro Disney up to 350 million francs a year, according to share analysts.

Management, although sounding a relentless whistle-while-you-work message, was frank to acknowledge the theme park's main woe now that its financial restructuring is out of the way: too few "guests" spending too little money.

The report pushed up the share price to 8.15 francs, more than 150 francs short of the price when the park opened in April 1992.

Nigel Reed, a Paribas analyst who has stood out for his bearish views on the stock in the past, said the outcome in the face of lower revenues was a credit to the management. But he said in an interview with Reuters, "There's an immense amount of work to do."

To bring in the crowds, Euro Disney has had to cut prices — and even give entrance tickets away. Nevertheless, attendance dropped earlier this year, and Disney officials blamed this Thursday on rumors that the theme park was about to close.

Wouldn't this have brought people rushing to Disneyland for the wake? Philippe Bourguignon, the chairman,

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Dow Jones	Trib Index
Up 8.75 3845.88	Unch. 115.71
The Dollar	Thurs. close previous close
DM	1.5187 1.5154
Pound	1.6175 1.623
Yen	97.74 97.65
FF	5.2075 5.19

Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Cameroun.....1.40 CFA	Qatar.....8.00 Riels
Egypt.....9.00 CFA	Réunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....9.00 R.
Gabon.....960 CFA	Senegal.....960 CFA
Greece.....300 Dr.	Spain.....200 PTAS
Italy.....2,600 Lire	Tunisia.....1,000 Din
Ivory Coast.....1,200 CFA	Turkey.....1.35,000
Jordan.....7 JD	U.A.E.....8.50 Dirh
Lebanon.....US\$ 1.50	U.S. Mil. (Eur.) \$1.10

Gaza Factions Allege Israel Planted Bomb That Killed Militant

By Clyde Haberman
New York Times Service

JERUSALEM — All major political factions in the Gaza Strip, including Yasser Arafat's, joined Thursday in accusing Israel of having planted a car bomb that killed an Islamic militant leader.

Thousands of Gazans poured into the streets for the bomb victim's funeral, venting their rage not only against Israel but also against Mr. Arafat, whom they denounced as an Israeli "collaborator" and shoved out of a mosque as he tried to join the religious service.

According to some reports, Mr. Arafat, the leader of the new Palestinian autonomy in Gaza, was treated so roughly by angry Muslims at the Omari Mosque in Gaza that they knocked off his trademark headscarf.

"This is your peace, Arafat!" people shouted at him. "It's all liquidations and assassinations."

[Later Thursday, the Islamic Jihad group apologized to Mr. Arafat, according to Agence France-Presse.

[In a statement, the group said, "We in Jihad express our deep regret for the irresponsible act and this spontaneous reaction to which Mr. Arafat was subjected during his presence at the funeral of Hani Abed.

"We consider these acts do not represent the political and moral trend of Islamic Jihad in dealing with differences within the Palestinian home and we express our apologies," the statement said.]

Palestinian anger was also reflected in street protests that spread to East Jerusalem and several West Bank towns, including Nablus, where Israeli soldiers reportedly fired on rock-throwing demonstrators, wounding four.

The charges of Israeli involvement in the car-bombing came from all major forces in Gaza, from Islamic extremists to the mainstream Fatah faction that Mr. Arafat leads with-

in the Palestine Liberation Organization. Although there has been friction among various Palestinian groups, officials of Islamic Jihad argued that the bomb was rigged so skillfully that it suggested an expertise found more readily among Israeli agents than Gazans.

Israeli officials would not comment on the accusations.

But they clearly had no desire to discourage inferences that they were prepared to assassinate someone like Hani Abed, the victim on Wednesday in the Gaza town of Khan Yunis. Mr. Abed, 33, was a leader of the extremist Islamic Jihad group and had been suspected by Israel of having a hand in the shootings deaths of two Israeli soldiers in Gaza last May.

At almost the same time that the bomb tore the Palestinian apart as he went to his car, Prime Minister Yitzhak Rabin spoke at a ceremony for fallen Israeli soldiers and warned that his forces would target radical Islamic groups.

"With our hand we are shaking the hand of the Hashemite Kingdom of Jordan in peace, but with the other hand we are pulling the trigger in order to hurt the murderers of the Hezbollah, Hamas and Islamic Jihad," he said.

A Rabin spokesman, Oded Ben-Ami, said Thursday that those remarks were intended as a general warning to terrorists. Nonetheless, Israeli officials have not denied, or confirmed, recent reports that the prime minister ordered "hit squads" to assassinate Islamic leaders, particularly from the Hamas group, to avenge the Oct. 19 bus bombing that killed 23 people in Tel Aviv. Hamas took responsibility for that attack as well as others in October.

If Israel's leadership has decided on revenge, it would not be the first time. One by one, it tracked down 16 PLO commanders held responsible for the hostage-taking that led to the deaths of 11 Israeli athletes and coaches at the 1972 Summer Olympics in Munich.



A FIRST — Prime Minister Tansu Ciller of Turkey, escorted by Prime Minister Yitzhak Rabin, met Christian clergymen on her arrival Thursday in Jerusalem. She called the visit, the first by a Turkish prime minister to Israel, "long overdue" and promised to bolster Middle East peace. She meets Yasser Arafat, the PLO chief, on Saturday.

Islamic Radicals Kill Pakistani Legislator

The Associated Press

ISLAMABAD, Pakistan — Armed tribesmen demanding Islamic law in a remote corner of northwest Pakistan killed a provincial legislator Thursday, several hours after taking him hostage, the police said.

Badi Uzzaman, a member of Prime Minister Benazir Bhutto's Pakistan People's Party, died in a shoot-out between his bodyguards and his captors. A second person was killed and six other people were wounded, the police said.

Later, a senior official of Miss Bhutto's government announced that Islamic law would be enforced in the troubled district, Malakand.

"In every district the people will be offered a choice," Aftab Sherpao, chief minister of the North-West Frontier Province, said at a rally in nearby Buner.

"They can either have their case heard before a Sharia court or a civil court."

Mr. Sherpao also said English would no longer be the language of the courts, replaced by either Pashto, the predominant language spoken in the region, or Urdu, Pakistan's national language.

There was no immediate comment from the group that is leading the agitation. Tribesmen earlier condemned Miss Bhutto's government for reneging on similar promises made several months ago.

"We'll release our hostages once we are satisfied the government is sincere about bringing Islamic law to this region," said Maulana Fazle Haq, a leader of the Organization for the Enforcement of Islamic Law.

The trouble began Wednesday, when tribesmen kidnapped two judges. Earlier Thursday, they took over an airport and encircled the home of Mahboobul Rehman, another legislator and culture minister in the North-West Frontier Province Parliament.

Since then, thousands of tribesmen have been terrorizing towns and villages in the Malakand district, about 150 kilometers (95 miles) northwest of Islamabad.

By Thursday night, the police said, at least 50 people were being held hostage in court-houses and police stations in three villages in the district.

The group demanding Islamic law began its campaign after Pakistan's supreme court abolished regulations last February for tribal areas dating from British colonial rule, which ended in 1947.

Most Pakistanis are Muslim but elections have brought little support for Muslim fundamentalists.

On Thursday, tribesmen armed with rocket-propelled grenades and assault rifles took over the terminal and control tower at the airport at Saidu Sharif, in the Malakand district.

No one was injured, but four scheduled flights to the town were canceled, the police said. Witnesses said the runway was littered with boulders to prevent aircraft from landing.

The siege of Mr. Rehman's home also started Thursday. He was reportedly in good condition.

Last May, 11 people were killed and more than 20 wounded after 30,000 tribesmen blocked traffic for five days in the Malakand area.

WORLD BRIEFS

Northern League Chief Slips in Poll

ROME (Reuters) — Umberto Bossi, leader of the federalist Northern League, is losing support within his party, a poll showed on Thursday.

A total of 44 percent of the party's members said they believed Interior Minister Roberto Maroni would make a better party secretary than Mr. Bossi, while 28.8 percent said Mr. Bossi was the better leader. The League is holding its general assembly in Genoa on Sunday.

The poll, by the SWG research organization, also found that 70 percent of the respondents viewed favorably the government of Prime Minister Silvio Berlusconi of which the League is a coalition member. Mr. Bossi, who has had a stormy relationship with Mr. Berlusconi, has floated the idea of withdrawing support for the government.

Haiti Too Unsafe for UN, Official Says

UNITED NATIONS, New York (AP) — The situation in Haiti is not stable enough for the U.S.-led multinational force to relinquish control to the United Nations, the UN special representative for Haiti said Thursday.

"As long as you don't have policemen in the streets who can do the job, I think you have to look harder before you can say you have a safe and secure environment," the official, Lakhdar Brahimi, said at a news conference. Mr. Brahimi could not name a date when the UN forces would enter Haiti, but he said they could overlap with the multinational force currently there.

He said the United Nations was not satisfied with the level of disarmament so far, and pointed to reports of continuing repression in the countryside by former provincial officials. The report is sure to disappoint the United States, which is anxious to turn over the multinational operation it leads in Haiti to a UN mission, expected to number 6,000.

Paris Stands Firm on Headscarf Ban

PARIS (Reuters) — Education Minister François Bayrou said Thursday that the government would propose a law outlawing Islamic headscarves in state schools if France's highest administrative tribunal opposed a recent informal ban.

He said in an interview with the weekly Le Nouvel Observateur that he doubted that the Council of State would rule against the ban, which is aimed at combating Islamic fundamentalism. "If such were the case — I repeat I do not believe it — it would inevitably lead to a legislative move that we have wanted to avoid because of the sensitivity of the subject," he said.

Twenty-five girls have been expelled from state schools since Mr. Bayrou banned "ostentatious religious symbols" in secular state schools in September. Some Muslims say the rule unfairly targets their traditional dress. A former education minister, Lionel Jospin, has said that there was only a shaky legal basis for Mr. Bayrou's order.

Nobel Laureate to Try to Leave Lagos

LAGOS (AFP) — The Nobel laureate Wole Soyinka, whose passport has been confiscated by the Nigerian military authorities, will try to leave the country Thursday using a UN travel pass, he said Thursday.

Mr. Soyinka, a fierce critic of the ruling military junta, was forced to give up his passport on Sept. 22 as he was preparing to leave for a tour of Europe and attend an international writers' congress in Lisbon.

Mr. Soyinka said he would fly to Paris aboard an Air France flight Thursday night. From there he would travel to Strasbourg to attend a writers' conference taking place over the weekend. In late October, Mr. Soyinka was named a goodwill ambassador by Uesco, qualifying him for UN documents to travel around the world.

TRAVEL UPDATE

Strike Grounds 70% of Iberia Flights

MADRID (Reuters) — A 24-hour strike grounded about 70 percent of Iberia Air Lines on Thursday, pushing the struggling Spanish airline deeper into crisis.

"It's a civilized strike," a union spokesman said. "We are fulfilling the minimum requirements and nearly 30 percent of flights are going out." Flights of other airlines were operating, although there were some delays, the General Workers Union spokesman said. Iberia, which has posted losses of 150 billion pesetas (\$1.2 billion) in the last four years, is at odds with the union over pay cuts and layoffs in a restructuring plan.

British Airways has resumed flights to Beirut after a 10-year hiatus because of the 1975-1990 civil war in Lebanon. Civil aviation authorities in Beirut said it will fly between Loodoo and Beirut five times a week. (AFP)

Air France will be allowed to increase direct flights to India, including the addition of a service to Madras, a spokesman for Air France said. Under an accord between France and India, Air France is entitled to make six round-trip flights a week to India, rising to seven in 1995. (AFX)

Indonesia has opened four more regional airports to international traffic in an effort to encourage greater tourist and business traffic. The airports are at Banda Aceh, Banduog, Ujungpandang and Mataram, a senior Indonesian immigration official told the Antara press agency. (AFP)

Russia Says U.S. Submarine Violated Territorial Waters

Compiled by Our Staff From Dispatches

MOSCOW — Russian anti-submarine patrols in the Barents Sea tracked a U.S. Navy submarine inside Russian territorial waters for several hours before forcing it to leave, the Interfax press agency said Thursday.

The submarine was discovered 8 kilometers (5 miles) outside of Kola Bay, near the northern port city of Murmansk, according to Interfax. A Defense Ministry spokesman, Alexander Veledeyev, confirmed that a foreign submarine was detected in Russian waters on Wednesday.

Admiral Oleg Yeryofeyev, commander of the Northern Fleet, was quoted by Interfax as saying that the intrusions of U.S. submarines into Russian waters "undermine the basis of peaceful initiatives signed by the two countries, and lead to an escalation of military tensions at sea."

Russian anti-submarine ships, Interfax said, had the American submarine under surveillance for several hours before it left following repeated warnings that it was in Russian territorial waters.

Interfax said it was the third time in two years that U.S. submarines had been found in Russian waters.

In Washington, officials, who asked not to be identified, said on U.S. submarine had ventured within 5 miles of the entrance to the narrow Kola Bay on Wednesday. (AP, Reuters)

Put an End to Holy Wars, Pope Urges at Conference

Reuters

VATICAN CITY — Pope John Paul II, in an allusion to Islamic fundamentalism, said at a peace conference Thursday that killing or waging war in the name of religion was a blatant contradiction.

"No one can consider himself faithful to the great and merciful God who in the name of the same God dares to kill his brother," the Pope told an assembly of the World Conference on Religion and Peace, which opened at the Vatican on Thursday.

"Religion and peace go together: to wage war in the name of religion is a blatant contradiction," the Pope told the assembly's 900 participants from 15 religions. In his address, the 74-year-old pontiff urged the assembly to denounce the concept of so-called holy wars.

The speeches in the Vatican's Synod Hall were interspersed with Hebrew songs sung by Miriam Meghni, a Jew from Libya, and the drumbeat of an African band. As Ms. Meghni sang, members of the assembly watched slides of concentration camp victims, prisoners of war, and soldiers brandishing automatic weapons. The theme of the conference is "Healing the World: Religions for Peace."

France Makes Appeal in Caning Case

PARIS (AFP) — France appealed to Singapore on Thursday for clemency for one of its nationals sentenced to five strokes of the cane for passing bad checks and overstaying his visa.

Marcel Aimé Faucher, 45, who has lived in Singapore on-and-off for the last 12 years, was also sentenced to 14 months in prison for the offenses. The French Foreign Ministry said its appeal for clemency concerned only the caning and not the jail terms.

An American youth received four strokes of the cane in May after being convicted of vandalism.

Swiss Printers Go on Strike

Reuters

ZURICH — More than 13,000 Swiss printing workers began a 24-hour strike on Thursday to back their pay demands, trade unions said.

Grief and Horror in Charred Egypt Town

By John Lancaster
Washington Post Service

DURUNKA, Egypt — More than 24 hours after it was swept by floodwaters and blazing fuel, this Nile Valley community was filled with grief and scenes of horror Thursday as stretcher bearers maneuvered through muddy streets carrying charred remains of victims while weeping, black-robed women lined the main road leading into town.

A senior police official in the provincial capital, Asyut, near here put the number of dead in the disaster at 293, many of them whole families incinerated in their homes. He emphasized that the death toll could go considerably higher, as "there are still many bodies in there" that have yet to be recovered.

[Hospital workers in Asyut said that 372 bodies from Durunka had been counted before rescue operation resumed after an overnight break, and civil defense workers said that the bodies of 55 more victims had been recovered on Thursday, Agence France-Presse reported from Asyut.]

Disaster struck early Wednesday, when floodwaters surged through the poorest and most densely packed neighborhood of this farming town 325 kilometers (200 miles) south of Cairo, sweeping away trucks and cars, collapsing mud-brick houses and even spilling coffins from their crypts in a cemetery.

But the greater horror was yet to come, as burning gasoline from ruptured storage tanks flowed freely across the water, spreading deadly fingers of destruction up streets and alleys, into apartment buildings and individual homes.

Many residents expressed anger Thursday over what they described as the slow response of the Egyptian government. It dispatched Prime Minister Atef Sidky for a brief visit and sent in military personnel to set up 500 tents, but left most rescue activities to the underequipped local fire department.

The torrential rains that began Tuesday have been described as the worst in Egypt in half a century.

"We were asleep," said Mohammed Diah Koth, 39, a driver for the local health authority who was awakened around dawn by the sound of flowing water. He roused himself to take a look and stepped outside into the street, leaving his wife and five children inside the house.

Almost instantly, he said, he was caught up in a raging torrent, pushed across the street and slammed into a utility pole, which he grabbed to keep from being swept away. Theo the wall of the Christian cemetery a few feet away collapsed and coffins floated into the street; two of them were still visible Thursday.

Mr. Koth said the current was too strong to allow him to return to his home. So he made his way through chest-deep water along the remaining cemetery wall, finally reaching an asphalt road and higher ground.

About the time he made it to safety, he said, "the explosion happened."

The whole city was on fire," Mr. Koth said.

In the morning, Mr. Koth said, he made it back to his street and discovered the bodies of his wife and children, who ranged in age from 3 days to 14 years, on the second floor of a neighbor's house, where they had tried to seek refuge. Residents said police and fire crews did not arrive in force from nearby Asyut until about 9 A.M., apparently because they were hindered by flooded roads.

Wearing masks and leather smocks, they used chainsaws Thursday to cut through reinforcing rods in concrete rubble and were still recovering charred bodies late Thursday afternoon.

Ex-Stasi Chief's Trial Abandoned in Berlin

Reuters

BERLIN — The trial of the former head of East Germany's feared Stasi security police was abandoned on Thursday because of the defendant's poor health, a Berlin court said.

Erich Mielke, 86, known as the "Master of Fear," had been charged with manslaughter for his suspected role in the killing of people who tried to flee to the West across the border between East and West Germany.

The presiding judge, Hansgeorg Bräutigam, said Mr. Mielke would be entitled to compensation for the time he had spent in prison from August 1992 to December 1992, awaiting the trial and before being granted bail.

The former Stasi chief had already been sentenced to six years in jail for killing two police officers in 1931 outside the Communist Party headquarters in Berlin shortly before the Weimar Republic gave way to Nazi dictatorship. He has appealed against that verdict.

Mr. Mielke was the last of East Germany's senior Communist officials to face trial over the border killings. German authorities say that more than 400 people were slain trying to escape from East Germany during the Cold War.

Modrow's Retrial Ordered

Germany's highest court has cleared the way for the retrial of East Germany's last Communist leader, Hans Modrow, on charges of electoral fraud, Agence France-Presse reported Thursday from Karlsruhe, Germany.

The case involves municipal elections in Dresden shortly before the fall of the Berlin Wall in 1989. At the time of the elections, Mr. Modrow headed the Communist Party in Dresden.

Judicial officials said the court in Karlsruhe had overturned a decision by a Dresden court, which ruled in May 1993 that Mr. Modrow had acted fraudulently in three instances, but dismissed charges against him in two other cases.

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THE AMERICAS / A STORY THAT WON'T DIE

★POLITICAL NOTES★

Christian Right Works to Get Out the Vote

WASHINGTON — The conservative Christian Coalition is mounting its most ambitious voter outreach program ever in a midterm election, distributing 33 million voter guides for every Senate and gubernatorial race and 350 House races, and phoning two million homes to get out the vote on Election Day.

"For us it is an unprecedented opportunity to reverse a historical trend that sees religious conservative voters turn out in huge numbers in a presidential election, and then recede into insignificance in off-year elections," said Ralph Reed, the group's executive director. "We have an opportunity to take a community that has been in self-imposed cultural isolation and move it into the mainstream of American political life."

Most of the voter guides will be delivered to congregants at 60,000 churches this Sunday, the last before Election Day. But for the first time, the coalition faces organized religious opposition in the form of the Interfaith Alliance, a clergy group formed in the summer to counter the coalition's growing impact.

The Christian Coalition's voter guides are a focus of controversy this year because the group has promoted them as a "nonpartisan" tool for voter education. The coalition has compared its guides to those of the League of Women Voters. League officials say they have complained to coalition leaders that the new guides are more a campaign advertisement than an unbiased comparison of candidates' views. (WP)

Spies' House Still Skulking on the Market

WASHINGTON — The den of secrets that once belonged to the convicted Russian spies Aldrich and Rosario Ames is not exactly what you would call a hot property.

After four months on the market, the five-bedroom, split-level home in a Virginia suburb that Mr. Ames bought in 1989 for \$540,000 cash, still sits empty, and the original \$535,000 asking price has plunged to \$497,000. Proceeds are set to go to the government.

A couple of hundred curiosity seekers showed up at first, and there were a couple of low-ball offers, says a source in the U.S. Marshal's Office. But there has been little interest in the past two months. Even with its intriguing history, the house still has an old-fashioned hush that must be dealt with — water in the basement. (WP)

Clinton Is Told Where to Draw the Line

PROVIDENCE, Rhode Island — To hear his advisers tell it, this is Bill Clinton's mission as he begins his final cross-country charge of the fall campaign: define the choices, rally the faithful, fill the coffers and help those Democrats who want to be helped.

But these are his instructions: never, never, never stray south of the Mason-Dixon line.

With less than a week before the election, Mr. Clinton is spending his evenings in halls like the Rhode Island Convention Center in Providence on behalf of candidates like Myrth York, the Democrat who hopes to be the state's next governor. By week's end, he will have carried his exhortations to New York, Iowa, Minnesota, California and Washington.

But in Tennessee, Oklahoma, Florida and Texas, where the Democrats are facing some of their toughest Senate and statehouse races, Mr. Clinton will nowhere be seen.

"We go where we're invited," a senior White House official said with a shrug. With voter antipathy toward Mr. Clinton still running fierce across the South, that has left his late-autumn march confined to fewer than a dozen states across the Northeast, the Midwest and the West Coast, where candidates believe the president can make a positive difference. (NYT)

Quote/Unquote

A Republican Party spokesman in Hawaii on the campaign of Robert Garner, the party's little-known candidate who is running for a House seat against the popular Democratic incumbent, Patsy Mink: "We heard he's off sailing on his boat." (WP)

Away From Politics

• A Florida jury recommended the electric chair for Paul Hill, an anti-abortion extremist convicted of the shotgun slayings of an abortion doctor and his escort. Circuit Judge Frank Bell is not bound by the recommendation and could instead impose a sentence of life in prison. A sentencing date was not immediately set.

• President Bill Clinton has signed legislation to allow compensation payments to Gulf War veterans who are chronically disabled with undiagnosed illnesses.

• Several people were injured, vehicles damaged and at least six strikers were arrested as a newspaper strike started in San Francisco. Unions representing 2,600 workers at the San Francisco Chronicle and San Francisco Examiner, the city's two main dailies, set up pickets and stopped deliveries.

• The NAACP called on organization leaders, members and corporate supporters to contribute to a fund drive aimed at raising its \$3.8 million debt by the end of the year. The civil-rights organization has laid off 88 employees for at least two weeks because it cannot meet its payroll.

• The space shuttle Atlantis roared into orbit with six astronauts on an 11-day mission to measure the Earth's ozone layer, including the hole over the Antarctic. AP, Reuters, WP

Erwin Knoll Dies at 63, Edited The Progressive

New York Times Service
Erwin Knoll, 63, the editor of The Progressive, an iconoclastic magazine that crusaded for civil liberties and against nuclear weapons and U.S. intervention abroad, died Wednesday, apparently of a heart attack, in Madison, Wisconsin.

Mr. Knoll presided over a magazine that traces its roots to Robert La Follette Sr., a combative maverick legislator in the early decades of the 20th century. Mr. Knoll described The Progressive as an "ecumenical journal of the American left."

In 1979, the year after he took over as editor, The Progressive became the first publication ever ordered by a federal court not to print an article because of national security.

The government had sought the order to prevent The Progressive from publishing an article called "The H-Bomb Secret: How We Got It — Why We're Telling It."

Mr. Knoll said the article, which detailed the workings of a hydrogen bomb, was based solely on information in the public domain. But the Justice Department contended that it violated the "restricted data" sections of the Atomic Energy Act of 1954.

Book Accuses Senators of Laxity in Thomas Hearings

By Joan Biskupic
Washington Post Service

WASHINGTON — A new book about the 1991 confirmation hearings of Clarence Thomas to be a Supreme Court justice says the Senate Judiciary Committee deliberately avoided following up on additional evidence that Justice Thomas may have lied when he denied allegations of sexual harassment.

The book, titled "Strange Justice: The Selling of Clarence Thomas," and written by two Wall Street Journal reporters, describes the committee as awkwardly and only half-heartedly pursuing the truth of harassment charges made in testimony by Anita F. Hill, a law professor. It portrays individual senators as stymied by a lack of committee leadership, political fears and their own personal indiscretions.

Showing Justice Thomas as a man who talked crudely about sex and propositioned co-workers, the book calls into question his denials to the committee. It uses statements from Justice Thomas's friends and associates from his college years through his nomination to the court by President George Bush to show that he had a long, active interest in pornography.

Written by Jane Mayer and Jill Abramson, the book, published Wednesday, has already contributed to the ideological and factual debate that began with the hearings three years ago. A book published last year, "The Real Anita Hill: The Untold Story," by David Brock, contended that Ms. Hill lied in her Judiciary Committee testimony.

Justice Thomas declined to comment on the new book. His friend and colleague, Armstrong Williams, said: "There is nothing new in the

book. It's he-said, she-said, they-said. Unless there was an eyewitness there, no one knows what happened" between Justice Thomas and Ms. Hill.

The book introduces new people who might have corroborated parts of Ms. Hill's allegations if they had testified. "Strange Justice" says: "If Thomas did lie under oath, as the preponderance of the evidence suggests, then his performance, and that of the Senate in confirming him, raises

fundamental questions about the political process that placed him on the court."

"I could have brought in the pornography stuff," the Judiciary Committee chairman, Joseph R. Biden Jr., Democrat of Delaware, is quoted as saying. He said that he could "decimate" Justice Thomas with that.

"I could have raised it with more legitimacy than what the Republicans were doing," he says. "But it would have been impossible at that point

to further postpone the hearings for more investigation into his patterns of behavior."

And, he added, "it would have been wrong." Mr. Biden said he was trying to be fair to the nominee and to respect his privacy.

Mr. Williams, who was a confidential assistant to Justice Thomas in the mid-1980s when Justice Thomas was chairman of the Equal Employment Opportunity Commission, said of the report of the justice's interest in pornography: "That's his private life."

"Strange Justice" uses statements from Justice Thomas's friends and associates to undermine his testimony that he never talked dirty with Ms. Hill.

The authors, after interviewing acquaintances during his college years at Holy Cross, report that he talked crudely about sex and enjoyed pornography. Kaye Savage, a former colleague, reports that the walls of his bachelor apartment were covered with Playboy nude centerfolds. The owner of a video store near the Equal Employment Opportunity Commission said Justice Thomas was a regular customer for pornography movies.

During his confirmation hearings, four witnesses testified for Ms. Hill to corroborate her testimony. The book also contains a fifth corroborating witness, Bradley Mims, a friend of Ms. Hill's in the early 1980s, said she had been upset by Justice Thomas's lewd talk.

The book details the previously reported sexual harassment allegations of three other former Thomas employees: Angela Wright, who says Justice Thomas talked to her about her breasts and legs; Rose Jourdain, who corroborates Ms. Wright's story; and Sukari Hardnett, who said there was a "sexual dimension to Thomas's treatment of women" at the equal employment panel.

The Wall Street Journal's Great Divide

New York Times Service

NEW YORK — Across the front page of its second news section on Wednesday, The Wall Street Journal published an article based on a much-promoted new book by two of the newspaper's journalists.

The article, "A Closer Look at Clarence Thomas," was filled with information that the writers, Jane Mayer and Jill Abramson, said corroborated Anita F. Hill's version of events in the Thomas confirmation hearings.

The report in The Journal's news pages highlighted what journalists say may be the largest gulf between two arms of an influential newspaper, an aggressively conservative editorial page and what some conservative critics say is an aggressively mainstream, or even liberal, news section.

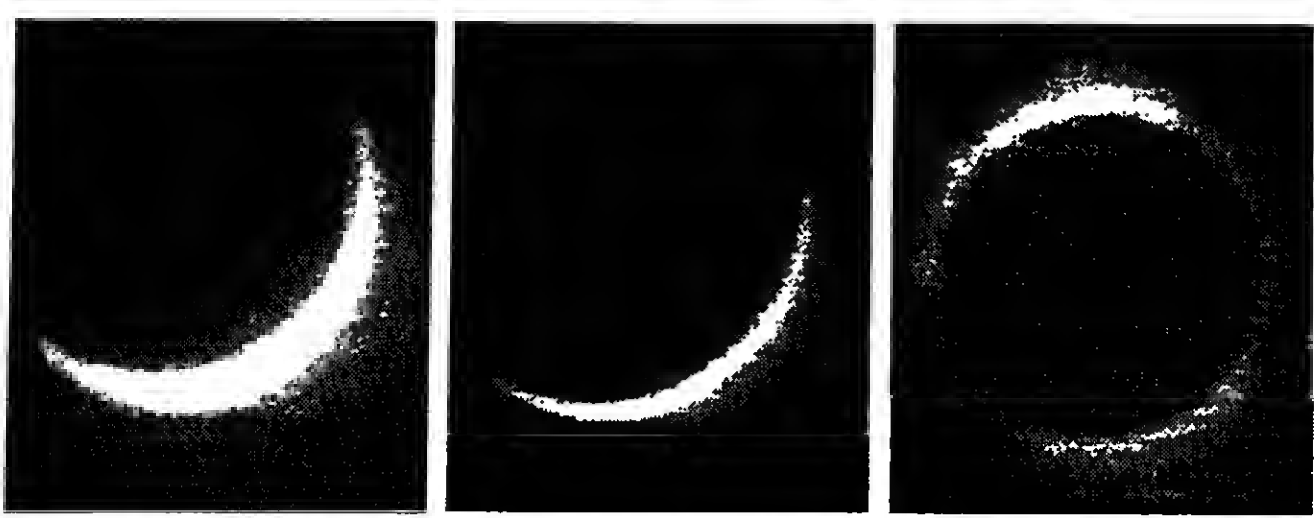
The Journal's editorial page has championed Justice Thomas at every turn, consistently dismissing Ms. Hill's accusations as "slime" and preposterous "character assassination." So it

may have come as little surprise inside the newspaper that one place where Wednesday's news article appeared to have the least influence was inside the offices of The Journal's editorial writers.

Like most important news organizations, The Journal has long nurtured a church-state separation between its news and editorial departments. But at The Journal that separation has often been tinged with enmity because the two separate staffs have so little in common.

Journal reporters often complain that they feel the editorial page goes too far. Expressing its split personality, The Journal has long crusaded against business skulduggery on its front page, while attacking regulators and prosecutors on its editorial page.

Some journalists said Wednesday's article appeared to be pro-Hill retaliation by the news department that has been repeatedly rammed by the pro-Thomas sentiment of the editorial page department.



Television images of the eclipse, which lasted 2 minutes 50 seconds, as seen from Putre, Chile, on Thursday.

Eclipse Gives South America Solar Show of a Generation

The Associated Press

LA PAZ — The sun set and rose twice over Bolivia and much of South America on Thursday when a solar eclipse passed through the region. Hundreds of thousands of onlookers took in the last total eclipse to be seen in the region until 2113.

The eclipse darkened an area between southern Peru, northern Chile, Bolivia, Paraguay, Brazil and Argentina for several minutes. In La Paz, a prime viewing area, it began at 8:18 A.M. and lasted for three minutes. Areas directly over the path of the eclipse were completely shrouded in darkness.

The city of La Paz came to a virtual standstill Thursday as school, banks, businesses and government offices were shut down so people could watch the eclipse.

The eclipse was broadcast live over national television and was visible despite partly cloudy skies.

8 in Simpson Jury Pool Are Removed in Final Phase of Selection

The Associated Press

LOS ANGELES — Prosecutors dismissed six prospective jurors and the defense excused two on Thursday as attorneys in the O.J. Simpson trial began the crucial final phase of picking the jury.

After weeks of probing for possible bias, prosecutors excused five blacks and one white

out of the pool of 40 prospects. The defense, indicating acceptance of most panelists, excused just two women, a Hispanic and an American Indian, in the first six chances they had to challenge prospects.

In the peremptory challenge stage, potential jurors can be excused for any reason except their sex or race. Each side has 20 such challenges. The final jury pool contained 25 women and 15 men.

Lawyers for both sides said they were hopeful 12 panelists would be selected Thursday.

Judge Lance A. Ito of Superior Court said Wednesday that he now wanted 15 alternates, instead of 8.

■ Multiple Killers Theory
Kenneth B. Noble of The New

York Times reported from Los Angeles:

Outlining what is expected to become a central defense theory in the case, a defense lawyer has said that two or more people were involved in the slayings of Nicole Brown Simpson and Ronald L. Goldman and that Mr. Simpson did not have to solve the crime in order to prove his innocence.

"Are any of you going to require Simpson and his lawyers to solve these killings and identify the real killers?" the lawyer, Johnnie L. Cochran Jr., asked potential jurors Wednesday.

Answering his own question, he said, "You understand, that's not our job."

Later, he added, "two or three or four people, whoever, were involved in this particular crime."

Marcia Clark, the lead prosecutor, countered Mr. Cochran's comments about the killings, admonishing prospective jurors to ignore "oddball" theories.

"I've even heard that Ronald and Nicole aren't dead," Ms. Clark said. "The next thing you'll hear is that space aliens did it."

Crash Evidence Hints That an Old Problem Was Never Fixed

By Don Phillips
Washington Post Service

ROSELAWN, Indiana — Officials investigating the crash of a commuter plane said that the aircraft, flying in conditions that produced a significant ice buildup on at least one other plane, rolled sharply to the right at 9,400 feet and turned upside down into a deadly plunge.

Preliminary information from the flight data recorder recovered from the crash of the Chicago-bound American Eagle flight on Monday, which killed all 68 aboard, raises the possibility

that the twin-turboprop ATR-72 may have the same problem with ice on control surfaces that the Federal Aviation Administration and the manufacturer intended to correct in all ATR aircraft.

The National Transportation Safety Board's chairman, Jim Hall, refused to speculate on a cause for the crash, and investigators still must track down thousands of clues that could indicate other causes. But Mr. Hall's description of Flight 4184's last moments was similar to a near-crash in 1988 in Wisconsin that led to changes in the ATR's wing the next year.

Mr. Hall said that as the plane descended from 10,000 feet (3,000 meters), an "abnormal event" occurred. There was a "rapid deflection" of the ailerons, flat movable surfaces on the rear of wings that control turns. That caused the plane to roll sharply to the right.

The plane recovered somewhat, but then the ailerons again deflected rapidly. "It then rolled over on its back and a recovery was not accomplished," Mr. Hall said.

On Dec. 22, 1988, in central Wisconsin, an ATR-42 stalled under similar circumstances, but

the crew recovered. In 1989, the Federal Aviation Administration, acting on safety board recommendations, prohibited the use of the plane's autopilot in icing conditions until special devices could be installed on wings to deflect air in a way that prevented ice buildup.

The problem was ice buildup on the ailerons, which caused them to deflect suddenly. That would automatically cut off the autopilot, leaving the crew facing a sudden and unexpected emergency recovery. Mr. Hall said the autopilot was engaged on Flight 4184, but went off after the sudden deflection.

Preventing AIDS in Babies Opens Debate on Mandatory Testing

By Gita Kolata
New York Times Service

NEW YORK — A finding that it is possible to prevent most cases of AIDS in babies has opened a heated debate over mandatory AIDS testing.

The problem is that to prevent AIDS in a child, infected women must take a powerful AIDS drug while they are pregnant. And that means identifying pregnant women who, often without knowing it, are infected with the AIDS virus.

The finding arose from a U.S. study whose results were so stunning that it was halted prematurely, and its results were announced in February, to great fanfare. They are being published Friday in The New England Journal of Medicine, along with two editorials that raise ethical questions about how to put the discovery into practice.

In the study, which involved 477 pregnant women infected with HIV, the virus that causes AIDS, half were given the AIDS drug AZT and the other half received a dummy drug. The investigators found that just 8.3 percent of the babies born to women who took AZT were infected with the virus. In contrast, 25.5 percent of the babies born to women who took the dummy drug were infected.

Federal health officials estimate that 1,000 to 2,000 HIV-infected babies are born in the United States each year.

Until now, proposals for

mandatory AIDS testing were quashed by those who said that forced testing violated peoples' civil rights. A fractious argument last year in the New York state legislature over whether doctors should be required to notify parents of the results of HIV tests of newborns, ended without requiring such disclosure. Like many states, New York conducts anonymous HIV testing of infants to track

the epidemic, but parents cannot learn the results, even if they wish to.

The two editorials in the journal recommend that HIV testing of pregnant women be encouraged, but that it should be voluntary.

Dr. Ronald Bayer, an ethicist and professor of public health at the Columbia University School of Public Health, and the author of one of the editorials, said in an interview that the very thought that the study's results could open a door to mandatory testing had deeply disturbed many advocates for people with AIDS.

"This is a real issue," said Dr. Harold W. Jaffe, who directs AIDS research at the U.S. Centers for Disease Control and Prevention and who wrote the other editorial with a colleague, Dr. Martha F. Rogers.

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Herald Tribune

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Now a Net Outflow

While the shift is small so far, it is an important signal — and a warning. This year the flow of investment income into the United States has reversed. Now the American economy has begun to pay out more in earnings on foreign investments at home, and on the country's huge accumulation of foreign debt, than it is earning on American investments abroad. It's the cost of running those big trade deficits year after year. They are being financed by foreign capital, and, like any debtor country, the United States has to pay for the use of the money. This year's turnaround carries a symbolism that reaches beyond the merely financial.

In the 19th century, capital poured into the United States from Europe to build canals, factories and railroads. A steady stream of earnings went eastward across the Atlantic to repay the investors. That pattern changed abruptly in 1915, as Europeans desperately liquidated their overseas holdings to pay for World War I — and as Americans' foreign investments rapidly rose.

In that year the net balance of foreign earnings turned in favor of the United States — a marker, along with many others, of the country's emergence as the world's leading economic power.

The balance continued to favor Ameri-

ca for nearly 80 years, until last winter. At its peak, in 1981, it brought \$33 billion to America — a substantial contribution to American prosperity. But then the Reagan administration opened the era of the big budget deficits, which have depended on foreign financing. Private businesses and individuals went on similar binges of borrowing, similarly supported by foreign money. The payments of interest and dividends abroad have increasingly offset the foreign investment earnings coming into the country. Last year the net inflow was down to \$4 billion. In the first half of this year, the net was an outflow of nearly \$3 billion.

What is wrong with that? Note that the American economy is now borrowing abroad to pay interest on its earlier foreign borrowings. That is no healthier for a country than it is for a business or a household. And how long can it go on? As long as foreigners are willing to lend. If and when their willingness diminishes, you will see it in higher interest rates. Should that happen, Americans would, as the economists say, have to adjust. That, as the Latin American debtor countries can testify, means a lower standard of living. The longer the foreign deficits pile up, the harder that adjustment will be.

— THE WASHINGTON POST

Rethink Intelligence

It is now clear beyond doubt that Aldrich Ames turned the old Cold War game of spy versus spy into a total rout in the Soviet's favor. According to a Senate intelligence committee report, Mr. Ames managed to betray most U.S. and allied espionage operations in the Soviet Union from 1985 on. His treachery resulted in the exposure and rolling up of more than 100 spy operations, the "loss of virtually all of CIA's intelligence assets targeted at the Soviet Union," the deaths of at least a dozen prized Soviet agents and the exposure of other Soviet agents who were then forced to feed false information back to Western intelligence.

That the CIA allowed a booby bumbler like Aldrich Ames to gain extensive access to its espionage networks and to elude detection despite his brazenly sloppy practices is and will forever remain a monument to bureaucratic incompetence. In the committee's words: "gross negligence."

It would only deepen the tragedy if larger questions got lost in the uproar over Mr. Ames. There is, for example, the question of accountability. CIA Director James Woolsey has merely reprimanded the officials responsible for the Ames debacle. There were more serious penalties available to him, and he should have imposed them. The director seemed oblivious to the message that his tender treatment of his department's bunglers sent to future generations of CIA managers. The committee calls Mr. Woolsey's response "seriously inadequate."

Those words apply equally to the

quality of the agency's intelligence during the final stages of the Cold War. It grossly underestimated the Soviet Union's economic problems during the 1980s and failed completely to anticipate its collapse, raising the question of what real value the country had been getting from all those spies in the years before Mr. Ames exposed them.

There are more recent instances of spying gone awry. In Haiti, the leader of the FRAPH, a notorious gang of anti-Aristide thugs, was a spy on the CIA payroll. The gang handed the Clinton administration its most embarrassing setback when it created a disturbance that prevented U.S. troops from disembarking at Port-au-Prince. The CIA man in the gang reportedly had informed the agency of the plan. What happened to that information?

The agency recently increased its investment in spying. One has to wonder, in view of the sorry historical record, whether this is an intelligent use of the taxpayers' money, and whether there are not more effective ways to gather intelligence in the post-Cold War world.

If people ask the right questions, some good might still come of the disastrous treachery of a senior operative who, in the intelligence committee's words, "caused more damage to the national security of the United States than any [other] spy in the history of the CIA." A thorough congressional evaluation of the past performance and future mission of the entire intelligence establishment would be a good place to begin.

— THE NEW YORK TIMES

Other Comment

Casablanca: A Summit of Hope

All and nothing at the same time. Great plans for economic reconstruction and an absence of decision on the ground. These were the results of the Casablanca summit of Israel and the Arab states closest to Washington.

The Casablanca declaration is definitively a magnificent proposition. It is still not the first step of something real, but every objective needs propositions. And these have been provided in Casablanca.

— El País (Madrid)

Talking about regional economic co-operation between the countries of the Middle East and North Africa is one thing, achieving it is another. So the Casablanca summit is an expression of hope, at most a first step in the direction of creating a large trading and investment area which will stretch from the Atlantic to the Gulf without, however, becoming anything like a close-knit community in the foreseeable future.

What happened at Casablanca was that plenty of business cards were exchanged and a lot of joint venture proposals were talked about, between the participants numbering more than 2,500 businessmen and politicians, not only from the region but also the United States, Europe and the Far East. The three-day meeting was really a "getting to know you" occasion and a unique bazaar for talking business within a regional framework.

— Gulf News (Dubai)

Agreements on projects amounting to billions were not expected from the Casablanca conference. Such things do not happen overnight. The new vision of the

Middle East may become a reality maybe two or three generations from now. Real peace has yet to be attained in the region.

Many Arab countries face internal restlessness and instability, and for some, there is even terrorism to deal with. Under these circumstances, foreign investors hoping to finance big development projects would obviously hesitate to act.

Many countries lack proper infrastructure and the private sector is flimsy. Some don't have the money. Countries in the Middle East and North Africa do not yet have a tradition of close trade and economic ties. The Casablanca summit leaves the impression that countries that were once foes now realize their real interests lie in striving for a peaceful and wealthy Middle East. Even that is enough to point to the historical importance of the Casablanca conference.

— Milliyet (Istanbul)

Demand Safety First in Russia

Western companies doing business in Russia should insist that adequate environmental safeguards be a part of any deal struck there for Western help in such industries as mining, timber and petroleum. Western governments need to reinforce that idea at every opportunity, as disclosures of nuclear contamination in the former Soviet Union have shown. (Now, a disastrous oil spill in the Russian Arctic may be eight times as large as the 11 million gallons spilled from the Exxon Valdez.) American companies operating in Russia can and should help produce minerals, if for no other reason than because there's money to be made as well in providing the safety technology.

— The Oregonian (Portland)

For Israelis, Maybe the Jordan Treaty Is Good News

By Abraham Rabinovich

JERUSALEM — Israelis might be forgiven for resisting euphoria over the peace treaty signed last week with Jordan. Even if the treaty had been chiseled in granite, they would have had the nagging thoughts, generally unspoken, that made their almost unanimous acclaim of the agreement more cerebral than emotional.

Israelis understand that the landmark victory they have achieved after half a century of struggle is provisional. They have won formal Arab acceptance — no small thing — of their presence in the heart of the Middle East, but not by persuading Arabs of the historical merits of Israel's cause.

What the Arabs have been persuaded of is that they cannot now defeat Israel and that it is in their interest to shelve the war option and come to terms with the Jewish state.

The basic Arab grudge remains. Grudges, like war options, have long shelf lives, and in the Middle East the long run is measured in centuries, not decades. The Arabs continue to see Israel as an alien intrusion, a colonial body that has taken Arab land by force and grievously wounded Arab pride.

Feelings as deep as these are not overcome by signatures on a peace treaty or by argument. Nor is the passage of time itself a certain healer. What may change perceptions is the dynamic that the peace treaty has set in motion.

The Casablanca conference, which brought together more than 2,500 businessmen and political leaders this past weekend in an attempt to ignite the economic development of the Middle East and North Africa (a conference in whose concept Israeli Foreign Minister Shimon Peres played a major role), has been a possible indication of things to come. The energy and imagination that have enabled Israel to survive in the face of enormous odds can be transformed into a driving force for the entire region.

Arabs already see danger in Israel's robust pursuit of the economic opportunities opening up — danger of becoming victims of economic colonialism. Many in the Arab world will view with ambivalence if not hostility the modernity that Israel might help usher in, seeing it as a threat to deep cultural values.

Nevertheless, it is possible to envisage that in the course of time familiarity will make Israel seem a more natural part of the region to the Arabs and even a positive factor. In addition to its potential economic contribution, Israel's modern medical facilities, already used by wealthy Muslims from abroad, and its institutions of higher learning might serve as bridges to the Arab world.

As the Arab countries undergo periodic political realignments in the future, it will be interesting to see whether there are attempts by competing camps to woo Israel.

Israel, for their part, are sobered by the thought that the shattering of the walls around them will make it harder to continue picturing themselves as a European society in a warm climate rather than an integral part of the Levant. There is fear that the taintness of a Western mindset could give way in the absence of adversity to Oriental fancy. There is also fear that loss of Israel's technological and military edge down the line might signal to the Arabs a dangerous weakness.

Arab leaders have expressed concern at the prospect of masses of Israeli tourists, an uninhibited tribe, descending

upon them. Israelis express similar concern about inundation by masses of Arabs galloping in from the desert with Visa cards and overrunning already crowded beach resorts.

Even in the short term, the peace treaty with Jordan and the interim agreement with the Palestinians seem tenuous to Israelis. Israeli journalists, permitted to operate for the first time from Amman, report widespread reluctance among Jordanian citizens to accept peace with their longtime Zionist foe. As for the Palestinians, the handshake between Yitzhak Rabin and Yasser Arafat has not diminished the zeal of fundamentalist suicide bombers.

All this is not to dismiss the value of the peace treaty with Jordan, which has opened up exciting possibilities, but to note the uncertain terrain ahead.

There is no lingering sunset into which Middle East peacemakers ride, a place of happy-ever-after. The sun sets quickly in this region, and it is forever rising on a new day filled with the unexpected.

Mr. Rabinovich, a reporter for The Jerusalem Post, contributed this comment to the International Herald Tribune.

Egypt: A Friend of Washington's Shouldn't Be Dallying With Tripoli

By Jim Hoagland

WASHINGTON — The United States gives Egypt \$2 billion a year in aid, large amounts of military equipment and strong political support. Washington needs to give Cairo one more item: a blunt warning to drop a pact with the devil that President Hosni Mubarak has forged with Libya's Moammar Gadhafi.

Egypt abuses its privileged position with the United States by trying to get Colonel Gadhafi off the hook for Libyan involvement in terrorism against Americans. Mr. Mubarak has also turned a blind eye to the kidnapping of Libyan opposition figures on Egyptian soil and to the breaking of United Nations sanctions by Egyptians smuggling goods into Libya.

To its credit, the Clinton administration has rebuked the Egyptians on sanctions violations. U.S. officials traveling with President Bill Clinton on his Middle East trip last week privately demanded in Cairo that Egypt shut off the flow of aircraft parts and other prohibited goods that Libya now gets through Egypt.

Stressing that the Egyptians quickly agreed to cooperate, U.S. officials were reluctant to discuss the U.S. complaint to Cairo. Quiet diplomacy, they argued, is more effective than a public row. "This is a disagreement among friends that is being cleared up," said one official. "It is not a crisis in the relationship."

But Washington will have to be more involved and more forceful than that if it is to pry Mr. Mubarak and Colonel Gadhafi apart. The links run deeper and are more devious than U.S. officials believe. And these links ultimately threaten both Egyptian and American interests. What is at stake here is not whether to help Mr. Mubarak survive, but bow.

The United States has many reasons to back him. One is the violent and repressive nature of the Islamic fundamentalists who are trying to overthrow him. Another is his sustained support for Arab peace with Israel.

But the United States must give Mr. Mubarak frank advice when he creates or tolerates dangerous situations for himself and his allies. He does that with Colonel Gadhafi, who seems to have pen-

etrated Mr. Mubarak's inner circle with money, promises of protection and threats of retaliation if the Egyptians displease him.

After 12 years in power, Mr. Mubarak's regime is tired. A former air force general, he has cracked down ruthlessly and effectively against the Islamic zealots who have been murdering Egyptians (including Anwar Sadat) and foreign visitors in the name of Allah. But he has not raised a band against a group that undermines public confidence in his government and creates fertile ground for the fundamentalists.

In Cairo's bazaar, they are known as the Gang of Sons. They are the wheezing and dealing adult offspring of a few senior figures in the regime. Two of the most prominently men-

tioned members of this group are Mr. Mubarak's sons.

The Gang of Sons' extensive network of foreign connections, and particularly its dealings with the Libyans, sets it apart from routine corruption suspicions in the Middle East. Colonel Gadhafi's state-controlled banks and factories have granted sweetheart deals on hotel purchases and a monopoly on steel imports into Egypt to the Gang of Sons, according to Libyan exile sources who have provided reliable information in the past and who give minutely detailed accounts of the present Egyptian-Libyan deals.

Colonel Gadhafi can also bring pressure to bear on Egypt via 300,000-plus Egyptian peasants who work in Libya and send home their earnings. And the

Libyan has promised that his security agents will help in Egypt's campaign against the fundamentalists, Cairo newspapers reported this summer.

That agreement helps explain Mr. Mubarak's obsessive interest in whitewashing the role that Colonel Gadhafi's security services played in the bombing of Pan Am Flight 103, in which 189 Americans died in December 1988. Colonel Gadhafi has refused U.S. demands that two of his agents be turned over for trial in Scotland, the scene of the blast. This refusal triggered United Nations sanctions against Libya.

In his attempts to get the sanctions removed, Colonel Gadhafi has used the Egyptians, American lawyers and publicists to float flimsy proposals for trials in environments more friendly to Libya and for dubious pay-

offs for the victims' families.

The Egyptian president has demeaned his office by refusing to pursue a serious investigation of the disappearance in Cairo last December of Mansour Kikhaia, a leading Libyan dissident and a resident of the United States. Mr. Mubarak said in an Egyptian newspaper interview that Mr. Kikhaia did not inform Egyptian officials of his Cairo visit or ask for protection, statements that Mr. Kikhaia's wife and others say are demonstrably false.

Mr. Mubarak should not subscribe to Libya's protection and profiteering racket. He seems to be doing fairly well against his declared enemies. But, as is often true in life, it is his "friends" and perhaps even family who can do him the most damage, because it is least expected.

The Washington Post

Bosnia: People Get Fed When Providers Are Neutral

By Hannu Vuori

ZAGREB, Croatia — The war in Bosnia continues to generate extensive and often heated controversy over the mediation strategy being pursued by the international community. With the crisis entering its third winter and no political resolution in sight, there are growing pressures for a tougher approach that would punish aggression and perhaps force an end to the conflict.

But one central fact must not be obscured or slighted in this debate. Despite vicious fighting and cynical obstructionism, the United Nations' policy of working evenhandedly with all sides in Bosnia has succeeded in preventing serious hunger and sustaining the basic health of the population. That is a remarkable achievement, which has saved thousands of lives. It will be imperiled if peacekeeping gives way to escalating confrontation.

As part of its mandate in the former Yugoslavia, the World Health Organization has regularly monitored the nutritional status of Bosnians in order to ensure that food aid is distributed equitably and in quantities sufficient to meet basic needs. During 1993 and 1994, the agency conducted

surveys in four major cities — Sarajevo, Tuzla, Zenica and Bihać — to collect primary data on a variety of nutritional indicators.

These sites were selected because of their large concentrations of displaced people and the continual problems of accessibility caused by besieging forces. Two factors that would make them especially vulnerable to famine. While the survey results cannot be generalized to the entire country, they clearly indicate that widespread undernutrition has been avoided, even during the harshest winter months.

Among 2,259 children and 2,181 women sampled in mid-1993, WHO detected no significant signs of either protein-energy malnutrition or micronutrient deficiency. These findings were confirmed this past May by a series of follow-up surveys. Some weight loss was observed, but average nutritional status remained within normal limits throughout the winter and spring.

Even in east Mostar, where residents lived in basements enduring merciless artillery bombardments, and aid convoys were

blocked for many months, a survey last March that used methodology similar to WHO's found no serious indications of undernutrition among mothers and children.

The situation showed the complexity of survival in Bosnia, in which local farm production, home gardens, black marketeering and the sheer hardness of the population all form parts of the equation. In many areas and instances, however, relief aid has been absolutely decisive.

Not only have Bosnians survived better than most expected, there is evidence to suggest that their average nutritional health has quite possibly improved during the past two years. This is not to underestimate in any way the horrific suffering that the war has exacted on the population of Bosnia. It is merely to state what appears to be medical fact.

Although a precise picture of the epidemiology of obesity, cardiovascular disease and diabetes never existed in Bosnia, these were recognized as important diet-related causes of morbidity and mortality in the prewar period. The "enforced health" of relief aid food has eliminated excess weight and sharply reduced the consumption of harmful fats, while at the same time maintaining essential vitamins and mineral levels.

Some of the beneficial impacts of this wartime diet have already been observed in noninsulin diabetes patients, many of whom have substantially reduced their normal medication since mid-1992. WHO has recently commissioned a new project on diabetes in Sarajevo to study the phenomenon in greater detail.

The data on anemia are less clear, and somewhat contradictory. A survey in Sarajevo initially showed a fairly low prevalence rate. But when more sophisticated instruments were used in a later study, more than 36 percent of the samples were found to be anemic according to standard indices.

Another potential nutritional

problem is the indiscriminate use of infant formula, which can create unnecessary dependency on aid handouts. Breast-feeding was in decline in Bosnia before the war, but the distribution of breast-milk substitutes by relief agencies may have had a compounding negative effect. WHO is encouraging breast-feeding as a means to improve hygiene and prevent anemia among young children.

Food, of course, is only the major element of the international aid program in Bosnia. Tons of medical supplies and equipment also flow into the country every week, enabling scores of hospitals and clinics to maintain services that otherwise would have shut down long ago. WHO alone provides 18 different medical "kits," ranging from bandaging and first aid to one that contains a full range of supplies for clinical microbiological laboratories.

As with food, however, distribution of these vital supplies will continue to depend almost entirely upon the goodwill and cooperation of all the parties, and on the neutrality of the aid givers.

Blockages and delays will undoubtedly remain a part of the daily routine, and international patience will continue to be exercised. But for all that, the humanitarian relief effort has fulfilled its appointed task of feeding and caring for Bosnians.

Hopefully, the generals and politicians will find a solution that preserves that achievement before it is too late.

Dr. Vuori is the World Health Organization's special representative for the former Yugoslavia. He contributed this comment to the International Herald Tribune.

Letters intended for publication should be addressed to "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Here Comes U.S. Liberals' Last Stand

By William Safire

WASHINGTON — When a desperate president demands his office by trying to frighten elderly voters with a rehearsed old lie — that the baseless Republicans must be secretly planning to slash Social Security benefits — you know that the liberal philosophy is on the brink of electoral disaster.

When in deep trouble, perpetrate myths. Here are a few that are flying around the coming rejection of the leftist "Clinton Congress."

Myth No. 1. Anti-incumbent fever is sweeping the land and there just happen to be more Democratic incumbents.

On a summer's night many decades ago, at the triumphal Carnegie Hall debut of the violin prodigy Yehudi Menuhin, the violinist Mischa Elman said to the pianist Arthur Schnitke, "Hot in here, isn't it?" To which Mr. Rubinstein replied, "Not for pianists."

It's not hot for Republican incumbents. Of Republican senators up for re-election, I anticipate no defeats; of Democratic senatorial incumbents, at least seven are likely to be ousted by the votes of the divinely discontented. It ain't the incumbency, it's the tax-and-spend mind-set that will be rejected at the polls.

Myth No. 2. Voters have turned irrational, refusing to tax themselves for what they want, "demanding the bacon and complaining about the pork."

That's the old Jimmy Carter, blame-the-public "malaise" bit. The truth is that a growing number of voters think that government at all levels is spending

their money unwisely and are upset about being taxed to the gills to redistribute income. Unsurprisingly, they believe that the only way to cut the rate of spending increases is to cut the rate of taxation; rationally, they have decided that fear of deficit is the only discipline that works on legislators.

Myth No. 3. Clinton Democrats are not getting credit for reducing the budget deficit, as skinflints have long been demanding.

Two-fifths of the claimed drop in the 1995 budget deficit comes from the sale this year of S&L assets that the government was forced to buy in past years. As projections for the sale of these assets goes up, the deficit comes down — having nothing to do with Clinton economic policy. The president whose Whitewater dealing was the sort that helped put an S&L under is claiming credit for the sale of S&L assets that our deposit insurance ran up red ink buying.

Myth No. 4. Republicans are criticizing each other already, and the coming majority is doomed to disarray.

When Republican mayors wander off the reservation to support state Democrats, that is budgetary payoff time; when wives and widows of past officeholders snipe at present candidates, that is a one-day filler; but when party figures disagree publicly on matters of policy, that is a sign of party vigor and strength.

Contrast the open Republi-

can debate about aid to illegal immigrants with the Democrats' lockstep march toward a phony illusion of toughness on crime and welfare. Watch the few non-attack ads run by liberal candidates: see them climb into sheriff's cars to point with pride at new prisons, declaim against child molesters and welfare as we know it, tacitly acknowledging that costly compassion has gone out of style. Democrats are suddenly together — pretending to be conservatives.

Myth No. 5. A Democratic "surge" in the final week will trim their expected losses to such an extent that the '94 results will be spinstered into a kind of Clinton victory.

Surge, shurgle — races almost always get closer at the end, and there is a three-point polling bias for Democrats in midterms because of low turnout. But here is a curiosity of campaigning: If six Senate races are squeakers, the likelihood is that they won't average out and split three and three, but will go mostly one way or the other — in my estimation, to the right.

If the surge notion takes hold, however, that is good. Not only will it energize the horde of overtaxed and underestimated Forgotten People to descend on the polls, the myth will make smug the Democratic precinct captains and chip off the bloc votes.

Then confident liberal candidates will make the apocryphal mistake of General George Custer, who squinted up at a ridge at Little Big Horn and supposedly said, "Those look like friendly Indians."

The New York Times

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Canals on Mars

PARIS — The planet Mars has recently passed very near earth, and has given an opportunity for fresh observations which absolutely confirm all the deductions drawn of late years concerning the strange planet. The result of this summer's observations has been to confirm the analogy between the climate of Mars and that of earth, and to show once more the surprising system of canals which covers its continents. The latest observations give good cause to believe that Mars is inhabited.

1919: Sober Assessment

PARIS — [The Herald says in an editorial:] Prohibition has had the paradoxical effect of serving, in a twofold way, as a stimulant. In the first place, it has made drinking popular. No one in the swim — the term is strictly appro-

priate — now thinks of going to a dinner party unprovided with "the stuff" that cheers. It is in the invention and ornamentation of travelling wine-cellars that the stimulating effects are seen in their secondary aspect. But for prohibition the "cocktail bag" and the "Scotch pocket" would never have been called into existence.

1944: Post to France

WASHINGTON — [From our New York edition:] This country lifted its ban on free exchange of business and personal information with France today [Nov. 3], as a preliminary step toward reopening trade with that nation. Five-cent postal service will be started tomorrow, said the Post-Office Department. The United States, in co-ordination with the British Empire, officially removed liberated areas of France from the category of "enemy territory."

International Herald Tribune

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OPINION

Beware the Phony Populists

By E. J. Dionne Jr.

WASHINGTON — It is popular in America these days to attack "victimology," the habit of every group to claim victim status and thereby deny personal responsibility for anything. The attack on victimology is sometimes mean-spirited, an attempt to deny relief even to those who actually are victims of discrimination or injustice.

But the impulse behind the anti-victimology movement is basically right. It is condemning to define anyone primarily as a victim. It is a way of denying people the ability to take responsibility for themselves.

The anti-victimology campaign crosses ideological lines, but it is especially popular on the right. So it may come as something of a surprise that in the 1994 elections, it is primarily Republicans of the right — with some exceptions that I'll get to — who are practicing the politics of victimology.

They are assigning victim status not to this group or that, but to the entire American public. The people are cast as the victims of big spending, big taxes, big government, Bill Clinton, bureaucrats, incumbents, "Washington," "social engineering," and out-of-control programs, among other things.

It's breathtaking. You would imagine that the United States has not had a free election for half a century. You wouldn't know that the Republicans controlled the White House for 20 of the last 26 years. And you would have no idea that the bulk of federal "big government" spending — on Medicare, Social Security and defense — is so popular that the Republicans are criticizing the Democrats for allegedly harboring secret plans to cut the first two, and for not spending enough on the third.

There is nothing novel about the out-party holding the in-party responsible for everything that is wrong. But the anti-government screeds of 1994 are more far-reaching than the usual out-party campaign. The assertion is not just that the incumbents the voters elected the last time have pursued the wrong

policies. Rather, the voters are being told that government itself is an alien creature. This is not just Reagan-style anti-government rhetoric, either. His approach, after all, was optimistic. The new kind of anti-government campaign has a sinister implication: that "the government in Washington" has become an infernal machine which runs without any input from voters. Voters therefore are not responsible for anything.

They don't need to make any choices about the kind of government they want. All that is required is a few quick fixes to "return government to the people."

Want a balanced budget? Voters don't have to think about how we got here. They don't have to sit down and decide whether they want to cut Social Security, Medicare and the weather service, or whether they would prefer to raise taxes. All you need is an amendment to the constitution requiring a balanced budget. Zap! That'll take care of things.

Are voters mad because the same people keep winning elections? Let's not get into something complicated (and realistic) like changing a campaign financing system rigged in favor of incumbents. No, all we need is term limits. Then you don't have to decide which incumbent is worth re-electing and which should be sent to retirement at some lobbying firm. Out with them all, and don't worry if you just end up replacing one generation of career politicians with another.

It is especially laughable that term limits are being pushed by members of Congress who have been here 16, 20, 30 years. Think of it: Many incumbents are trying to extend their tenure by promising term limits. And you wonder why voters are cynical? (A happy exception among Republicans is Representative Henry Hyde of Illinois. He is too honest to pretend that a 20-year House veteran seeking re-election believes in term limits.)

For good measure, criticize "bureaucracy" and overregulation, and don't mention that a lot of those regulations are designed to keep the air and water clean or workplaces safe. It will be said that criticizing currently



popular measures such as term limits and the balanced budget amendment is elitist and anti-populist. The opposite is true. What is elitist is to assume that the voters want to be told that they are not responsible and that they won't listen when a politician respects them enough to try to change their minds.

Sure, when voters are angry, they may cast ballots for panders and simplifiers. But the politicians people admire in the long haul are the ones who take them seriously. Look at Franklin Roosevelt's fireside chats for an example of a politician who did very well by not talking down to the voters.

Look also at the voters' ability to have second thoughts about California's nasty, anti-immigrant Proposition 187. It is losing support because non-panders such as Jack

Private Talk, Public Talk: Still Too Loud All Around

By Ellen Goodman

WASHINGTON — I'm halfway to Deborah Tannen's office at Georgetown University when I realize that I'm late. My mind starts racing playfully down the pathways that Ms. Tannen has marked out in her linguistic mapmaking.

When I get there, should I say I'm sorry? Would "sorry" mark me by gender as surely as my extra X chromosome? Would my scrow merely be a female ritual expression of regret? Or a real gender-free apology? By the time I get to her doorway, I am in my tongue of its burden by telling her my thought-process. As

for what you want." At work, he says what he thinks and expects her to do the same. She includes his feelings in what she says and expects him to do the same. These expectations are often disappointed. It's not that one style is better than the other. Ms. Tannen quickly insists, though any woman who's constantly interrupted when speaking may find it hard to be as non-judgmental. Yet the stories in this book suggest that when women look out for everybody and men look out for themselves, there are real repercussions. The "female style" keeps the business running smoothly. The "male style" gets you ahead. One makes for a happier ship. The other gets to be captain.

Ms. Tannen has followed us from our homes into our workplaces. But this year we are as frustrated with the public dialogue. Reading her book about private talk, I cannot help wondering about how we talk in the public arena. In the media. In politics. Maybe we don't need an anthropologist to describe the current language of public discourse. It's polarized, angry, accusatory, confrontational. Not a discussion — but an argument.

It's not a coincidence that there's no female Rush Limbaugh. Or that fewer women call in to the talk radio shows that have set the political agenda. This "conversational style," to use the term loosely, turns many off, especially women. As Ms. Tannen writes, "It's another way that women are disenfranchised."

Now she has brought that perspective to the workplace. Her new book, "Talking 9 To 5," is about "private talking in a public context."

Ms. Tannen is careful to say that there are not inherent or immutable gender differences. Nor is there a single pattern for all men or all women. She would rather speak of "conversational styles" or of cultures than of genders.

Still, as office anthropologist she hears men saying "I" and women saying "we." Men focusing on status — "who's up?" — and women focusing on connection. Men comfortable with confrontation and women preferring consensus.

"There really does seem to be a difference in male and female strategies," she says, sitting in her own modest office. "Women are always balancing what they want with what the other person wants. They are trying to save face for the other person. Men are saying, 'I go for what I want and I trust you to go

With some help from this linguist with a good ear and a facile style, we're building bridges across the gender gap of private talk. But our public talk has deteriorated into yelling match. And yes, we ought to be sorry about that."

Boston Globe Newspaper Co.

LETTERS TO THE EDITOR

Bosnia: European Proposal

As members of the European Parliament, we recently visited Sarajevo as an official delegation and held lengthy discussions with various officials, including President Alija Izetbegovic of Bosnia, among others, and came away with a very pessimistic assessment of the situation.

On returning to Strasbourg, we have tabled a recommendation to the European Council, which we hope the European Parliament may adopt. It comprises four points:

- Any further lifting of the sanctions against Serbia and Montenegro ought to be conditional on the recognition by the Belgrade government of the Republic of Bosnia-Herzegovina and the Republic of Croatia within the borders that have already been established by the European Union and the United Nations.
- The siege of Sarajevo should be ended and free access should be ensured by the opening of at least one "corridor," under UN control and unwritten by NATO support.
- The policy of safe areas and exclusion zones should be made fully consistent, not only with the proposals set out in the peace plan, but also with the security of the population concerned. Such a policy implies free access to these areas for humanitarian operations and active prevention of, and reaction against, any further

aggressions against the safe havens.

- The international community should recognize that Bosnia-Herzegovina, like any sovereign state, has the right of self-defense as laid down in Article 51 of the UN Charter.

We believe that in the former Yugoslavia basic principles are at stake: the need to frustrate the use of force to obtain territorial changes; the need to reject policies of ethnic cleansing; the moral obligation for democracies to distinguish between aggressors and victims; the principles of multi-ethnic coexistence.

GIORGIO LA MALFA,
JOSE MARIA MENDILUCE,
DORIS PACK
Strasbourg.

Roger Cohen's report "Culture Clash Among Bosnians" (Oct. 11) is disturbing, as it tends to confirm the fear that Bosnian Muslim leaders are moving inexorably toward creating an Islamic fundamentalist state.

The international community was railroaded by Germany into legitimizing the Bosnian Muslim claim to independence, based on a referendum that one-third of Bosnia-Herzegovina's population boycotted because of the fear of Islamic fundamentalism. It is revealing that both of the other Bosnian communities, the Serbs and the Croats, have sought to respond by assuming separate political identities within Bosnia, and by subtly endorsing

linkages with Serbia and Croatia.

The Bosnian Muslim leader, Haris Silajdzic, speaks with a liberal voice, but he has not repudiated the fundamentalist principles of his party's platform that cause unease among Bosnia's Serbs and Croats as well as in the international community.

The Bosnian Muslim president, Alija Izetbegovic, expounds on this ideological "blueprint" in his "Islamic Declaration." The most chilling of his prescriptions is that "there can be neither peace nor coexistence between the Islamic religion and non-Islamic social and political institutions."

VANITA SINGH,
New Delhi.

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BOOKS

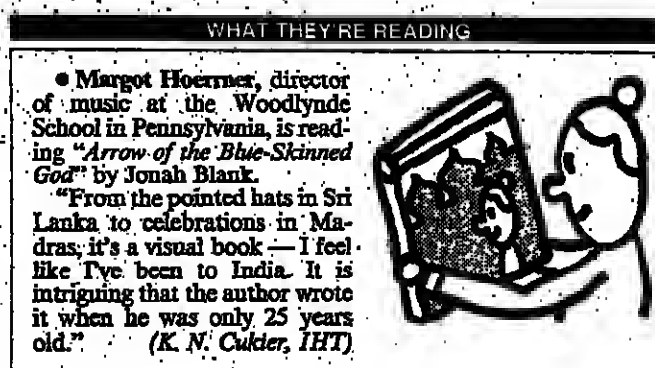
WEDGE: The Secret War Between The FBI and the CIA

By Mark Riebling, 563 pages.
\$27.50. Knopf.

Reviewed by
Richard Gid Powers

NOBODY in American history ever fought more viciously to protect bureaucratic turf than J. Edgar Hoover, which in no small measure was why he lasted as FBI director for 48 years. The idea of a rival organization to gather foreign intelligence was an outrage to Hoover. When such came to pass in the form of William B. Donovan's office of the "Coordinator of Intelligence" (the Office of Strategic Services during the war) and was then made permanent in 1947 as the Central Intelligence Agency, Hoover looked upon it with loathing and threw his considerable talents into battling it every step of the way.

It is Mark Riebling's thesis in "Wedge," that "the failure to solve [the conflict between the CIA and FBI] has damaged the national security and, to that extent, imperiled the Republic."



He supports this argument with a lively and engaging narrative of interagency bumbling, infighting, malfeasance and nonfeasance in every well-known intelligence case in the history of the CIA and the FBI, providing fresh and well-rounded portraits of well-known and ought-to-be-well-known counterintelligence agents, drawing on scores of original and rewarding interviews.

But unfortunately, Riebling has taken his material and turned it into a series of "for the loss of a nail the war was lost" stories in which the missing nail is the lack of effective coordination between the CIA and FBI.

Riebling's first case study is that well-known chestnut of Pearl Harbor conspiracy theory, the old yarn about a double agent for the British and the Germans, Dushko Popov (nicknamed "Tricycle"), who showed up at the FBI in 1941 with a questionnaire the Germans had given him outlining the intelligence they wanted him to gather in America. As Riebling (following Popov and John Toland) tells the story, this was a "Pearl Harbor Questionnaire," and if a benighted J. Edgar Hoover had only done his job and trotted the thing over to Bill Donovan, the Pearl Harbor disaster could have been averted. But as Gordon Prange demonstrated in his "Pearl Harbor: The Verdict of History," the Popov questionnaire was not exclusively or even mostly about Pearl Harbor — it was a general shopping list of information on many American installations.

Just as misguided and illogical is his thesis that the Kennedy assassination could have been prevented if the CIA had only passed on to the FBI the news that an official at the Soviet embassy in Mexico City who talked to Oswald shortly before the assassination was a KGB agent attached to Soviet death

squads. But the FBI was ignoring even stronger indications that Oswald was a strange, dangerous character, and the bureau's failure to pay attention to the obvious was such a dereliction of duty that for months it reduced J. Edgar Hoover to a slithering, raving maniac out to wreak vengeance on every agent who worked on the case.

Riebling fails to understand the signal/noise problem in intelligence post-mortems — that only after the fact can the signal (true information) be separated from the meaningless facts (noise).

Riebling does a nice job of guiding the reader through the Byzantine disagreements between the CIA and the FBI over the reliability of notable Soviet defectors, but his argument that interagency rivalries kept the government from reaching accurate analysis of their revelations begs the question: The true loyalty of these double agents was and is still fundamentally unknowable.

Popular culture may well believe that the underlying explanation for great public events is the devious machinations of secretive elites, but the world doesn't work that way. The real story in these superficially exciting revelations of official secrets is that there is no story — the squabbles between J. Edgar Hoover and Wild Bill Donovan's many successors do not explain the history of our times. As the old truism has it, what is amazing is not true, and what is true is not amazing.

Richard Gid Powers, the author of "Secrecy and Power: The Life of J. Edgar Hoover" and the forthcoming "Not Without Honor: The History of American Anticommunism," wrote this for The Washington Post.

BRIDGE

By Alan Truscott

ON the diagramed deal Rory Timlin as South for Ireland played well in a contract of seven hearts, but the luck of the Irish ran out. He won the opening club lead, drew the missing trump and tested spades. When the second round showed that East guarded the suit, he had to hope for a squeeze.

He made the normal play of cashing the diamond ace and running all his hearts, hoping that East held the diamond king. In that case South would be sure to make a trick with either the diamond queen or the spade four. As it was, the grand slam failed by a trick.

In the replay, after the bidding shown, Gerald Careyelli drew a subtle inference that had not been available to Timlin after different bidding: West had passed smoothly over six hearts, showing no inclination to save in seven clubs. That suggested that he held a significant defensive card, which could only be the diamond king.

Careyelli therefore executed a ruse transfer squeeze. After entering his hand with a trump at the first trick, he led the diamond queen. This forced

West to cover with the king, and the ace won. Now the run of the trumps squeezed East, who was trying to hold the diamond jack and the spades.

This maneuver is seldom appropriate since it requires a specific placement of two opposing cards rather than one, but it was brilliant here, and the Irish lost 20 imps and, by a narrow margin, the match.

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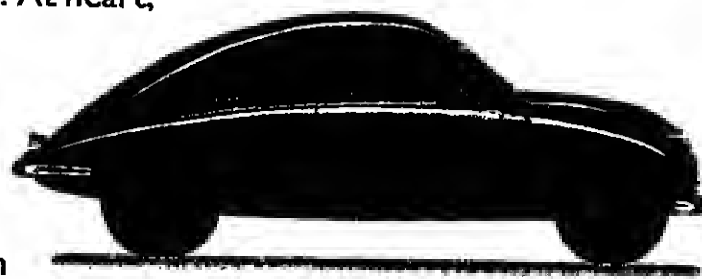
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Magnificent old buildings like the wedding-cake Fine Arts Palace near the city's central plaza have been renovated.

Mexico City: The Past Is Present

By Anthony DePalma
New York Times Service

MEXICO CITY — In a place as old as Mexico City, settled by the Aztecs in 1325, renewal is as constant as it is inevitable. While it is true that some changes brutally wipe away the past, others take a fine brush to the city's antiquity, adding new shades and meanings. Year after year, the most enduring city in North America not only grows older but also more intriguing.

Over the next two months, as one year ends and one more begins, Mexico City will be undergoing another physical and civic renovation, making this a good time to visit, if the smog isn't too bad. The end-of-the-year holidays also take many Mexicans away from home, leaving the biggest metropolitan area in the world a little less crowded and a bit more open for exploration.

Magnificent old buildings like the wedding-cake Fine Arts Palace near the city's central plaza have been renovated in such a way that they are more like the architects' original plans. Elegant new hotels like the Four Seasons on Paseo de la Reforma provide additional evidence that, despite recent political instability, Mexico City is becoming an international business center.

But for everything that starts by its newness, there is a reminder of the city's storied history of Aztec warriors and Spanish conquistadors. Scarcely anything can be built without digging up a bit of the past. Lodged for centuries in the soft underlayer of Mexico City, these artifacts give mute testimony to what may be history's most notable encounter of strangers, as close as one civilization has come to confronting beings from another world.

That close encounter resulted in an entirely new world, one that continues to surprise today.

The celebration of the 60th anniversary of the Fine Arts Palace on Avenida Juárez and the Eje Central makes this cultural center a focus of special activity at this time. The city has just completed an underground parking garage and a new plaza connected with nearby Alameda Park.

During the construction, workers found thousands of pre-Hispanic ceramic pieces and the remains of a colonial convent. The building itself is a wonder — Italian marble on the outside, Art Deco supreme on the inside. It contains a dazzling glass theater curtain by Tiffany. To mark the anniversary, there is a full schedule of music, opera and dance.

On most Sunday mornings at 9:30 and Wednesday evenings at 8:30 there are performances of the Folkloric Ballet, which traces Mexico's cultural history. Tickets

cost from \$25 to \$37. Closer to Christmas, from Dec. 11 through 18, the National Dance Company of Mexico performs "The Nutcracker." Prices are roughly the same. Telephone: (525) 512-3633.

On Dec. 1 Mexico inaugurates a new president, Ernesto Zedillo Ponce de León, who will be sworn in at the Hall of Congress, and Mexico City becomes the focus of a number of inaugural activities, some taking place in the National Palace on the Zócalo.

Dec. 12 marks one of the most important religious events in Mexican history. Mexicans believe the Virgin Mary appeared before a poor Indian named Juan Diego on this day in 1531. Millions of Catholics from Mexico and around the world make a pilgrimage to the soaring basilica of Our Lady of Guadalupe just a few miles north of the Zócalo. Convoys of bicycles weave through the streets on their way to the basilica, and some devout pilgrims make the journey on their knees.

Joan Manuel Serrat, a Catalan singer, will give two concerts at the National Auditorium in Chapultepec Park on Nov. 11 and 12. Tickets cost \$15 to \$35.

In the south, the city recently opened the Ecological Park of Xochimilco, a part of the ancient floating gardens of the Aztecs. If you're there on a clear day, the park also offers breathtaking views of Mexico City's twin snow-covered volcanoes Popocatepetl and Iztaccihuatl. Open 9 to 6 Tuesday to Sunday. A roughly one-hour ride on a traditional flat-bottomed boat, called a trajinera, costs \$20. Telephone: (525) 673-8139.

Also in the south is the just-opened Dolores Olmedo Patiño Museum, 5843 Avenida Mexico, with one of the best collections of Diego Rivera and Frida Kahlo paintings anywhere. Inside a splendid former hacienda called La Noria, or the Waterwheel, the museum also includes hundreds of pre-Hispanic works.

A notable addition to Mexico's many fine museums is Papalote, a children's museum in the second section of Chapultepec Park. Featured are a towering climb-

able maze, science displays and action games. Open every day 9 to 12 and 2 to 6. Children to 12 pay \$3. Over 12, \$6.60. Call (525) 237-1700.

The 90-year-old Hotel Imperial at 64 Paseo de la Reforma (a beautiful avenue built by Maximilian to resemble the Champs-Élysées) looks like it was imported from Paris. Just five whitewashed stories high with a gilt cupola, it is one of Mexico's most European hotels. Half of the 65 rooms have views of Reforma. Doubles are \$156 a night. (525) 705-4911, fax (525) 703-3122.

Another stylish place is the Grand Hotel at No. 82 on 16 de Septiembre Street. Opposite the National Palace right on the Zócalo, the 125-room hotel is now owned by Howard Johnson but retains its turn-of-the-century style. It has a wonderful lobby, capped by a magnificent stained-glass dome and a brasswork elevator. Doubles are \$100 a night. (800) 654-2000, fax (525) 512-2085.

Budget: The Maria Cristina, 31 Calle Rio Lerma, not far from the American Embassy, has 150 pleasant rooms, many of them surrounding a pretty courtyard. Double rooms cost \$61. (525) 566-9688.

Of the many restaurants that have opened recently, one of the fanciest is Los Alcatrazes, 102 Tenenyo, where the city's rich and powerful gather. Mexican specialties served here include fried cactus worms; a cilantro soup made from a 16th-century recipe; and the national dish, chiles en nogada (chili pepper stuffed with meat and covered with a creamy walnut sauce). Dinner for two, with wine and dessert, \$100. Reservations necessary. Telephone: 281-3472.

A WONDERFUL secret is El Discreto Encanto de Comer, the Discreto Joy of Eating, 76 Orizaba Street, near the lovely Rio de Janeiro park. Snuggled inside a turn-of-the-century house, it has peach-colored walls covered with works by local artists. Monthly specials include stuffed squash flowers and an exquisite soup of huitlacoche (black corn fungus that tastes a lot better than it sounds) with a baked bread cap. Dinner for two with a bottle of Mexican wine costs about \$125. 511-3860.

For visitors who would be disappointed without traditional mariachi music, there is the Círculo Centenario, 79 República de Cuba, 521-2934. In the historic center, not far from the Zócalo, it has a crowded upstairs with small tables and a generally friendly atmosphere. Specials change monthly. November features roast pork with tumpie greens for \$12; December offers a traditional stail cod called bacalao for about \$20. Musicians will play what you want for the asking, but a tip of about 15 pesos (\$4.50) is expected.

World's Most Unusual Art Fest?

By Mike Zwerin
International Herald Tribune

CETINJE, Montenegro — We on the first Yugoslav Airlines (JAT) flight from Western Europe since the lifting of international sanctions against Serb air transport, sports and culture on Oct. 5 had our very own knight in shining armor. On his initial visit to Montenegro in May 1968, Nicolas Petrovitch Njegosh flashed on the fact that he was a prince of an ancient dynasty. Then the genie sh-hammed him back into his backpacking hippie persona and he hitchhiked home to Paris.

For something like four centuries, Montenegro was an independent kingdom in the midst of the Ottoman Empire. The sleepy mountain city of Cetinje, long known as the smallest capital in Europe (pop. 12,000), was founded in 1493 and was host to many major embassies. The jagged cliffs are difficult to scale, Montenegrians make fierce warriors and the savage valleys did not seem worth the climb. Someone has said: "It's like Switzerland, only worse."

On his second visit, in October 1989, Nicolas Petrovitch brought the remains of his great-grandfather, the last king, his queen and their two daughters, who had died in exile in Italy, to their final resting place. To his surprise he was met by 200,000 Montenegrins (out of a population of 700,000), many of whom wanted to kiss his hand.

Njegosh (50, a French architect by trade) saw all these magnificent, now rather dour, former embassies scattered about this historic capital of what is a sullen but current-

ly peaceful de-facto Serbian colony. The embassies closed in 1916 when Montenegro was occupied by the Austro-German forces. Venice is across the Adriatic. The prince decided to try to make a sort of eastern Venetian Biennale art festival in the old pavilions. The first took place in 1991. We were here to close the second.

Our weekend "flight for culture" was under the auspices of Unesco, the Council of Europe, the Soros Foundation, the Venice Biennale and the French Ministry of Culture.

If we were jet-setters, the good God Jet was against us. We waited in the Orly transit lounge for eight hours while the prince worked the phones. "Take off! Just take off!" he screamed. He begged officials to allow the JAT 737 to come from Belgrade and pick us up. The German authorities were late granting overfly rights. "I'll pay for the extra gas if it has to turn back," the prince pleaded. "I am putting my head on the table. Here, cut it off. But for goodness sake, take off!"

Uzi-toting Serb soldiers surveilled us in the Belgrade airport. Our collective visa was not enough for them. They wanted individual visas paid for in hard currency. It took two hours to talk them out of it. We flew on to Podgorica (formerly Titograd) in Montenegro, once a kingdom (everything around here is ex, former, once or rump) and came to Cetinje by bus. We checked into the would-be grand Grand Hotel at 4 A. M. It had been a long, hard day. Champagne corks popped.

Cetinje reminds me of the spa called Spa in Belgium. And of old Howard Hughes, in need of a bailout and a mani-

cure. "Meet you at the Serbian Embassy" is a time-machine rendezvous in a town this size in this condition in this place. "We did this for the town, for art, for the country and for Europe," said the prince. "Europe is fighting about cheese, wine, subsidies — all these material things. At least we can agree about culture."

He was bappy and rather dazed to have pulled off his coup. He wore this spacey smile. "Everything's on credit," the prince explained. "To the politicians in Belgrade this is like a biennale in the Auvergne," the prince explained. "A little sausage Biennale. Belgrade considers Montenegrians provincial idiots, retarded mountain people. They condescend to us. It's important that they see that foreigners will come here to see paintings. It reinforces us."

Saturday dinner was ceremonial in the hotel ballroom. A folklore troupe of attractive young men and women put on a spirited show of Montenegrin, Serbian, Albanian, Bosnian, Macedonian and Croatian dances. "Just like the old Yugoslavia," a cynic said. But here in the rump, when one able-bodied male dancer ceremoniously kills another with a wooden sword in a fight over a pretty girl, it becomes more than pantomime.

The prince had perhaps been imbibing more optimism than eau-de-vie. "It's a miracle. We have brought hundreds of Western and Eastern artworks together here. Look around. There are no ministers, no protocol officers, no bodyguards, not one cop. In August some of us crossed over from Albania in a taxi. There is a sort of tolerance growing — a kind of neutrality. Suddenly, anything seems possible."

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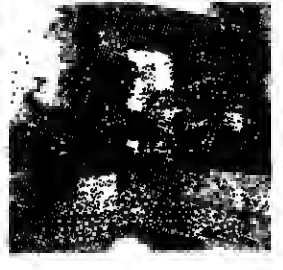
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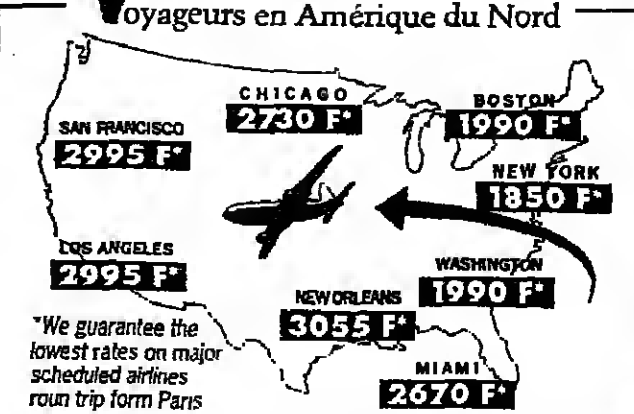
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Old Times and New, at La Vieille

By Patricia Wells
International Herald Tribune

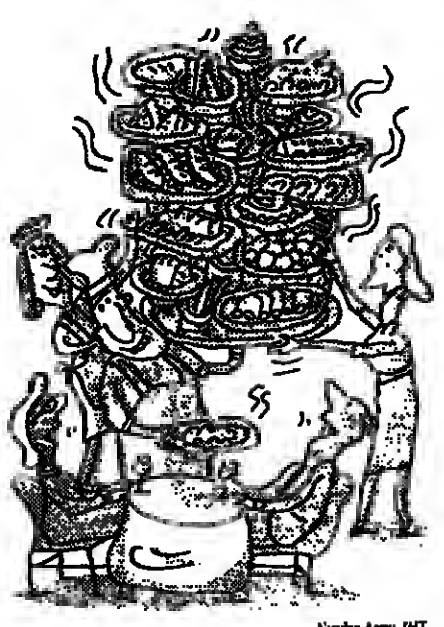
PARIS — Rare, so rare is it that an institution can reinvent itself, maintaining character and authenticity all the while pleasing those who loved everything "just as it was."

Well, bravo to patronne Marie-José Cervoni, the young chef Miriam Jenard, and co-owner Gérard Besson for honoring Chez la Vieille as they have.

Since 1958 this Les Halles bistro has been the domain of Adrienne Besson and her sister, Madeleine, the last of the Parisian "mères" to coddle and coax diners into overly copious portions of *tomates farcies*, letter-perfect renditions of herring marinated in oil, an exemplary pot-au-feu, and memorable portions of *boeuf aux carottes*. The tiny dining room has just five tables, serving no more than 20 or 25 diners each day, regaling them with Adrienne's simple cuisine "de bon sens."

Adrienne, now 73, retired in February and closed the restaurant until she found worthy successors. Besson (whose Michelin-starred restaurant, at 5 Rue Coq-Héron, bears his name) had been helping Adrienne with marketing, and found a willing co-owner in Cervoni, a housewife who loves to cook and obviously adores cooing and coddling. So in May they opened their doors, engaging Jenard in the role of understudy as the next Parisian "mère," with Cervoni accepting the motherly role in the dining room.

The results are astonishing. A weekday lunch proved that Chez la Vieille has not missed a beat. The procession of hors d'oeuvres, terrines, *chou farci* and vegeta-



Nathalie Assou HRT

bles (that's just for starters) proves that authentic, top-quality bistro fare can still be found in Paris. A cupful of rich, smooth, yet boney, creamy vegetable soup begins the generous feast. A soft, moist, fresh and full-flavored chicken-liver terrine follows thick slices of rabbit terrine stuffed with prunes. What pride I would feel in producing a comparable

leek, cheese and ham tart, encased in multiple layers of puff pastry. There are platters of leeks and of beets for anointing with a gentle vinaigrette.

Main courses include a perfect fricassee of chicken — this one *poulet au vin rouge* — served in a tiny black cast-iron casserole to keep it warm between servings. Thick, meaty breast of duck is properly seared — fat side first so it cooks slowly and evenly in its own fat — and served with a memorable potato gratin, where the dominant flavor is potato, not cheese, cream or fat.

The cooing of desserts is equally generous, ranging from *gâteau basque* to an entire haba au rhum, ending with a trio of chocolate desserts, each one richer than the last.

FOLLOWING Adrienne's custom, the restaurant is open at lunch only, but will open for groups for dinner by reservation. A charming, old-fashioned upstairs dining room — decorated with black-and-white photographs of the old Les Halles market — assures a private bistro for serious gourmands.

A word of warning: The green salad and grilled fish crowd should go elsewhere.

Chez la Vieille "Adrienne," 37 Rue de l'Arbre-Sec, Paris 1; tel: 42.60.15.78. Closed Saturday and Sunday. Lunch only: dinner by reservation. Credit cards: Eurocard, MasterCard, Visa. A la carte. 240 to 335 francs (\$46 to \$65) per person, including service but not wine.

Amex Widens Its Mileage Program

By Philip Crawford
International Herald Tribune

THE "customers that Amex forgot" have finally been remembered. Holders of American Express' international dollar card, excluded from membership in the company's Membership Miles frequent-flyer program since its inception in 1991, will be permitted to enroll. A brochure outlining the details of the plan, recently renamed Membership Rewards, is being mailed to cardholders.

The international dollar card, which enables customers living outside the United States to be billed in U.S. dollars, has a claim base consisting chiefly of affluent citizens of developing countries whose local currency is not fully convertible. Disqualification from the program had irked many such customers, especially since holders of local-currency cards in Britain, Germany, France, Italy, Spain and Switzerland had been gradually allowed into the plan over the past couple of years.

American Express maintains that the reason for the exclusion — which affected an estimated 100,000 customers in Europe, the Middle East and Africa, and tens of thousands more in Asia and Latin America — was a matter of getting administrative systems in place and coexisting with participating air carriers, not of discrimination against global dollar-card holders, whose accounts are more costly to process than those of local-currency customers.

"It's been a matter of finding the right partners and getting the proper systems in place, and that's been a very big job," said

John Petersen, London-based vice president of public affairs for American Express Europe Limited.

Five airlines — Air France, Delta, Continental, Sabena and Iberia — as well as four hotel chains — Sofitel, Occidental, Oberoi and Steigenberger — have signed on as participants in the plan. Airline partners for the U.S.-based dollar card are Delta, Continental, USAir, Southwest, Air Mexico and Mexicana. Participating hotel chains for the U.S. card are Sheraton, Marriott, Hilton, Western and Stouffer Renaissance.

Those enrolling in Membership Rewards receive one "point" for every dollar spent with their American Express card. The points can then be applied toward customer loyalty programs of participating air carriers and hotels. When the card is used outside the United States, which is most often the case, the dollar value of the purchase is computed at current exchange rates.

For international dollar-card holders, enrollment in the plan will be free the first year but will cost \$30 annually after that.

American Express declined to reveal exactly how much a point is worth, saying that it varied with each partner. In the case of air carriers, however, the company said that one point did not equal one mile applied to the airline's frequent-flyer program and suggested that the value was considerably less.

Howard Strong, whose problems with American Express while living in Europe prompted his founding of an organization called Credit Card Users of America, said

that increased competition most likely prodded Amex to speed up its efforts to include the international dollar-card holder. He noted the increasing global presence of the Diners Club card and the advent of Visa cards issued by airlines themselves, which offer similar promotional tie-ins.

Randy Petersen, editor of the Colorado-based Inside Flyer, a magazine for frequent air travelers, said he thought Amex was feeling the heat particularly from Diners Club, a unit of Citibank, whose Club Rewards plan has long admitted international dollar-card holders provided they live in a country where the card has a local program.

"Diners Club is much more powerful in Europe than in the U.S.," said Petersen. "And they're being very aggressive internationally. I think this will turn into quite a race, with American Express and Diners Club going toe-to-toe."

MEANWHILE, John Petersen of American Express stressed that it has always been in the company's best interests to get the new dollar-card program up and running.

He said that about 25 percent of local-currency cardholders in major European markets have enrolled in Membership Rewards and, since doing so, have increased their spending on the card by an average of about 35 percent annually. "People are doing exactly what we hoped they'd do," he said. "They're consolidating their expenditures on the American Express card."

THE ARTS GUIDE

AUSTRIA

Vienna
Kunsthistorisches Museum, tel: (1) 53124-5486, open daily. Continuing/To Nov. 27: "Harbert Boeckl, 1894-1986."

BELGIUM

Bruges
Groeningemuseum, tel: (50) 34-79-59, open daily. Continuing/To Nov. 15: "Hans Memling: Five Centuries of Reality and Fiction."

BRITAIN

London
British Museum, tel: (71) 323-8125, open daily. Nov. 5: Opening of a permanent gallery of pre-Hispanic art from the Olmec, Maya and Aztec cultures in Mexico. On display are ceremonial jade, ritual vessels, sculptures and masks.

Buckingham Palace, tel: (71) 799-2331, closed Mondays. Continuing/To Dec. 22: "Gainsborough and Reynolds: Contrasts in Royal Patronage."

Hayward Gallery, tel: (71) 528-3144, open daily. Continuing/To Jan. 8: "The Romantic Spirit in German Art 1790-1900."

Royal Academy of Arts, tel: (71) 494-5815, open daily. Continuing/To Dec. 14: "The Glory of Venice: Art in the 18th Century." Also, to Jan. 22: "The Painted Page: Italian Renaissance Book Illumination 1450-1550." 120 illuminated manuscripts and books, ranging from small prayer books to large choir books, commissioned by Italian Renaissance patrons of art for their libraries.

Tate Gallery, tel: (71) 887-8000, open daily. To Feb. 1: "Fall Visions: The 'Treachery' 1932." A video-sound installation about the cycle of life, a birth, a death (the artist's mother) and a clothed figure underwater described by Viola as "floating in another world between the experiences of life and death."

CANADA

Toronto
Art Gallery of Ontario, tel: (416) 977-0414, closed Tuesdays. Continuing/To Dec. 31: "From Cézanne to Matisse: Great French Paintings from the Barnes Foundation."

DEMARK

Copenhagen
Museum of Modern Art, tel: (42) 19-07-19, open daily. To Dec. 11: "Diane Michals: Photography and Reality." Works by the American photographer, including his early photographs in the Soviet Union in 1959 and portraits of personalities in the world of art.

FRANCE

Paris
Musée National Fernand Léger, tel: (1) 33-88-83-51, closed Tuesdays. To Dec. 12: "Fernand Léger Photographs." 150 photographs of the artist, his family, his friends and his work by Kertész, Brassai and Man Ray, among others.

Centre Georges Pompidou, tel: (1) 34-78-12-33, closed Tuesdays. To Jan. 16: "Francesco Clemente: Early



"Hôtel des Terrasses," a 1926 photograph by Kertész, shown in Paris.

Morning Exercises." Features works from the first drawings in Rome in the 1970s to the latest watercolors in 1994, by the contemporary Italian artist.

Centre National de la Photographie, tel: (1) 53-76-12-32, closed Tuesdays. To Dec. 5: "Walker Evans." John Gutmann: Talking Pictures." George Segal: New York/New Jersey." Photographs by the three American artists.

This is part of Paris's Month of the Photo, which totals 93 exhibitions in November and December.

Grand Palais, tel: 44-13-17-17, closed Tuesdays. Continuing/To Jan. 8: "Gustave Caillebotte, 1848-1894." Also, to Jan. 2: "Nicolas Poussin."

Musée de l'Art et du Costume, Palais Galliera, tel: (1) 47-20-85-23, closed Mondays. To March 12: "Vestire du monde de 1750 à nos jours." Documents the development of denim and jeans, from the American workers' and farmers' overalls to the present-day teenagers' uniform.

Musée Dapper, tel: (1) 45-00-01-50, open daily. To March 13: "Do you?" 90 works representing the diversity of art created by the Dogon ethnic group in Mali. Features seated and equestrian figures, as well as masks and miscellaneous accessories sculpted in wood.

Pavillon des Arts, tel: 42-33-82-50, closed Mondays. To Jan. 29: "André Kertész: Le Double d'une Vie." More than 200 works covering French, American and Hungarian looks, as well as 25 color photographs. The exhibition will travel to Tokyo.

Théâtre du Châtelet, tel: 40-28-28-40, Philippe Boesmans' "Reigen." Directed by Luc Bondy, choreographed by Lucinda Chalk and conducted by Patrick Devin. With Deborah Raymond, Elizabeth Arden and Françoise Pollet. Nov. 25, 26 and 27.

JAPAN
Tokyo
National Museum of Western Art, tel: (3) 3828-5131, closed Mondays. To Dec. 24: "The Unknown Modigliani." Drawings by Italian artist Amedeo Modigliani from 1906 to 1924, until now the most obscure period in his life. The drawings were purchased and collected by Paul Alexandre who became the painter's closest friend and only patron upon his arrival in Paris in 1906.

LUXEMBOURG
Musée National d'Histoire et d'Art, tel: (352) 47-93-30, closed Mondays. To Nov. 20: "Nico Kopp (1894-1930)." A retrospective of the work of the Luxembourg figurative painter.

SWEDEN
Stockholm
Nationalmuseum, tel: (8) 666-42-

50, closed Mondays. To Jan. 8: "Soyu." 50 paintings and 80 prints on the theme of the "Soyu" movement, the National Gallery in London and the Metropolitan Museum in New York.

SWITZERLAND

Basel
Kunstmuseum, tel: (61) 271-0445, closed Mondays. To Nov. 27: "Fernand Léger 1891-1985: Le Rythme de la Vie Moderne." Presents the first artistic phase of the French artist and includes monumental paintings, abstract works, gouache drawings as well as still lifes and interiors.

Théâtre Municipal, tel: (21) 312-64-33. A new production of Verdi's "Un Ballo in Maschera." Directed by Jean-Claude Auvray, conducted by Jean-Claude Casadesu, with Achana Morini, Sandra Kelly and Susan Manserv. Nov. 17, 20, 22 and 23.

UNITED STATES

Atlanta
High Museum of Art, tel: (404) 577-6940, closed Sundays. To Jan. 14: "Workers: An Archaeology of the Industrial Age." Photographs by Sebastião Salgado. 200 black-and-white images drawn from the Brazilian photographer's epic study of manual labor throughout the world.

Houston
The Menil Collection, tel: (713) 525-9400, closed Mondays and Tuesdays. To Jan. 9: "Colonial Masterpieces from Bolivia." Paintings from the 16th to the 18th century, from major ecclesiastical and museum collections in Bolivia.

Los Angeles
County Museum of Art, tel: (213) 857-5522, closed Mondays and Tuesdays. To Jan. 22: "The Peaceful Liberator: Jean Paul Goya." 150 sculptures, taxidermy, monumental paintings on cloth, illuminated manuscripts and symbolic objects document the relationship between Jainism and the Hindu and Buddhist traditions.

New York
The Heide Center: Opening the New York branch of the Smithsonian's National Museum of the American Indian. Inaugural exhibitions will include "Creation's Journey: Masterworks of Native American Identity and Belief," featuring objects from tribal groups in the Americas dating back to 3200 B.C.; "All Roads are Good: Native Voices on Life and Culture," with 300 objects of artistic, cultural, spiritual and personal significance; and "The Path We Travel: Celebrations of Contemporary Native American Creativity," featuring the collective talents of 15 contemporary Native American artists.

The Jewish Museum, tel: (212) 425-3200, closed Fridays and Saturdays. To March 5: "Jewish Life in Czestochowa: A World Rediscovered." Remains of the Jewish folk life and material culture collected in the early 1910s between the Black Sea and Vilnius and from Minsk to Warsaw.

Museum of Modern Art, tel: (212) 709-9400. To Dec. 20: "Mapping." Featuring paintings, drawings and sculptures by artists such as Giorgio de Chirico and Jackson Torres-Garcia, Jasper Johns, Ellsworth Kelly and Claes Oldenburg. Also, to Jan. 24: "A Century of Artists' Books." Focuses on how artists have enhanced texts with images, working with the writings of Aeschylus, Wittgenstein or Mallarmé. Features 140 titles, including books illustrated or created by artists such as Chagall, Matisse and Picasso; experiments from Malevich to Rauschenberg.

Metropolitan Museum of Art, tel: (212) 570-3551, closed Mondays. Continuing/To Jan. 8: "Origins of Impressionism." Paintings by avant-

garde artists who worked in Paris in the 1860s.

Solomon R. Guggenheim Museum, tel: (212) 423-3840, closed Thursdays. To Jan. 23: "The Italian Metamorphosis, 1943-1968." A survey of Italian arts at a time when the country became a leading exporter of culture, design and style. Paintings include works by Alberto Burri, Lucio Fontana and Piero Manzoni. Also features architectural models, fashion, photography as well as furniture and experimental designs.

Philadelphia
Philadelphia Museum of Art, tel: (215) 762-1000, closed Mondays. To Jan. 23: "The Italian Metamorphosis, 1943-1968." A survey of Italian arts at a time when the country became a leading exporter of culture, design and style. Paintings include works by Alberto Burri, Lucio Fontana and Piero Manzoni. Also features architectural models, fashion, photography as well as furniture and experimental designs.

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Serb Stronghold Captured by Croats

Muslim Troops Aid Offensive For Control of Key Plateau

Compiled by Our Staff From Dispatches

BOSANSKI PETROVAC, Bosnia-Herzegovina

The Bosnian Serb Army said Thursday that the Serb-held town of Kupres had fallen to Croat forces.

Kupres, in central Bosnia, has been under a heavy combined attack from Croat and Muslim forces.

The loss of Kupres, from which most civilians had already fled, was confirmed by the Second Krajina Corps of the Bosnian Serb Army in the northwest Bosnian town of Bosanski Petrovac.

It was the first time since the early days of the 31-month-old war in Bosnia that Bosnian Serb forces, which have an overwhelming superiority in tanks and artillery, had lost an important town.

The Bosnian Serb leader, Radovan Karadzic, said Thursday that the Serb political and military leadership was expected to meet on Friday to declare a full "state of war."

A full state of war would include such measures as mass mobilization, a closing of borders, putting the economy on a war footing and a declaration of martial law.

The Bosnian Serbs have in the last two weeks lost significant territory to the Muslims in northwestern and central Bosnia and come under threat from forces pressing toward Travnik, south of Sarajevo.

Before Kupres and the surrounding area fell to Bosnian Croat troops, the Muslim-led Bosnian government army said that it had taken a valley commanding access to the town.

Croatian television showed what it said was footage of Bosnian Croat militias entering Kupres and said 22 militiamen

had been killed taking the town.

The thrust on Kupres, about 100 kilometers (60 miles) west of Sarajevo, began early last week with a two-pronged attack by government troops from around Bugojno in the north-east and Bosnian Croat militias from the south.

The town of 3,500, about 51 percent Serb, 40 percent Croat and 8 percent Muslim before the war, sits atop the Kupres plateau. The strategic high ground links Serb-held territory in northwestern Bosnia and neighboring Croatia with Serb land in central Bosnia.

Serbs call the Kupres plateau "the gates of Bosnia." It was one of the first regions they captured in fierce fighting in early April 1992, as war began. Their leader, Mr. Karadzic, considered the plateau a trump card, contemplating trading parts of it to the Croats only in exchange for access to the sea in a final peace plan.

Muslim-Croat control of the plateau could allow their forces to push north and link up with government troops to try to cut Bosnian Serbs off from their brethren in neighboring Croatia.

But the battle for Kupres is more than a military struggle. Victory could spell a change of momentum in the war, in which Bosnian Serbs have taken more than 70 percent of the republic.

Though most numerous, Bosnian government troops have been hobbled by the weapons superiority of the Serbs. But weapons from Croatia started coming in after Muslims and Bosnian Croats patched up relations in March.

Any Croat-Muslim military cooperation would thus further hurt the Bosnian Serbs.

(Reuters, AP)

French Magazine Breaks a Taboo With Mitterrand Photo

By William Drozdiak

Washington Post Service

PARIS — The picture seemed anything but scandalous: a dark-haired student and her father, his hand resting affectionately on her shoulder, emerging from an elegant Parisian restaurant.

But the personalities in the photograph formed one of the most explosive "open secrets" in French politics: The 78-year-old President François Mitterrand was with his 20-year-old illegitimate daughter, Mazarine.

For years, French politicians and journalists have buzzed with gossip about Mr. Mitterrand's extramarital affairs but, in contrast to abide by a long-standing tradition that protects the private lives of public figures. Privacy laws are strictly enforced, and it is an offense to publish photographs without permission from the subject.

But the French weekly Paris Match shattered a taboo Thursday by publishing details about

the president's "second family." Mazarine was born out of a love affair two decades ago between Mr. Mitterrand and "a discreet and cultivated woman," as the magazine calls her.

Mr. Mitterrand also has two sons by his wife, Danielle, who has been married to him for nearly 50 years.

The revelations about Mr. Mitterrand's second family appeared to reflect a more aggressive attitude in the French press in the aftermath of corruption scandals.

"For too long we have been under the control of our government, and maybe one of the positive aspects of Mitterrand's last days will be a healthier, less hypocritical press in France," said Philippe Alexandre, a leading political commentator and author of a new book on Mr. Mitterrand.

Mr. Alexandre said in an interview that he felt no qualms about writing about the president's daughter because Mr. Mitterrand no longer bothers to hide her existence. She accompanied him on an official trip to South

Africa and attended a state dinner for the visiting emperor of Japan.

"There is simply no longer any mystery about it. The president takes her into popular restaurants and cafés where he is bound to be seen. So, if we journalists have respected this secret until now, there are no grounds for it to exist any longer other than to hide it from the general public. Frankly, I think it's marvelous for a 78-year-old man to have a beautiful and attractive 20-year-old daughter, and if the political circles in Paris know all about it, why shouldn't the rest of the country?"

The revelations in Paris Match and Mr. Alexandre's forthcoming book provoked dismay among French politicians, even among some of Mr. Mitterrand's fiercest opponents.

Interior Minister Charles Pasqua, one of Mr. Mitterrand's harshest critics, said he deplored the step to publish details about the president's personal life. Former President Valéry Giscard d'Estaing, who was defeated by Mr.

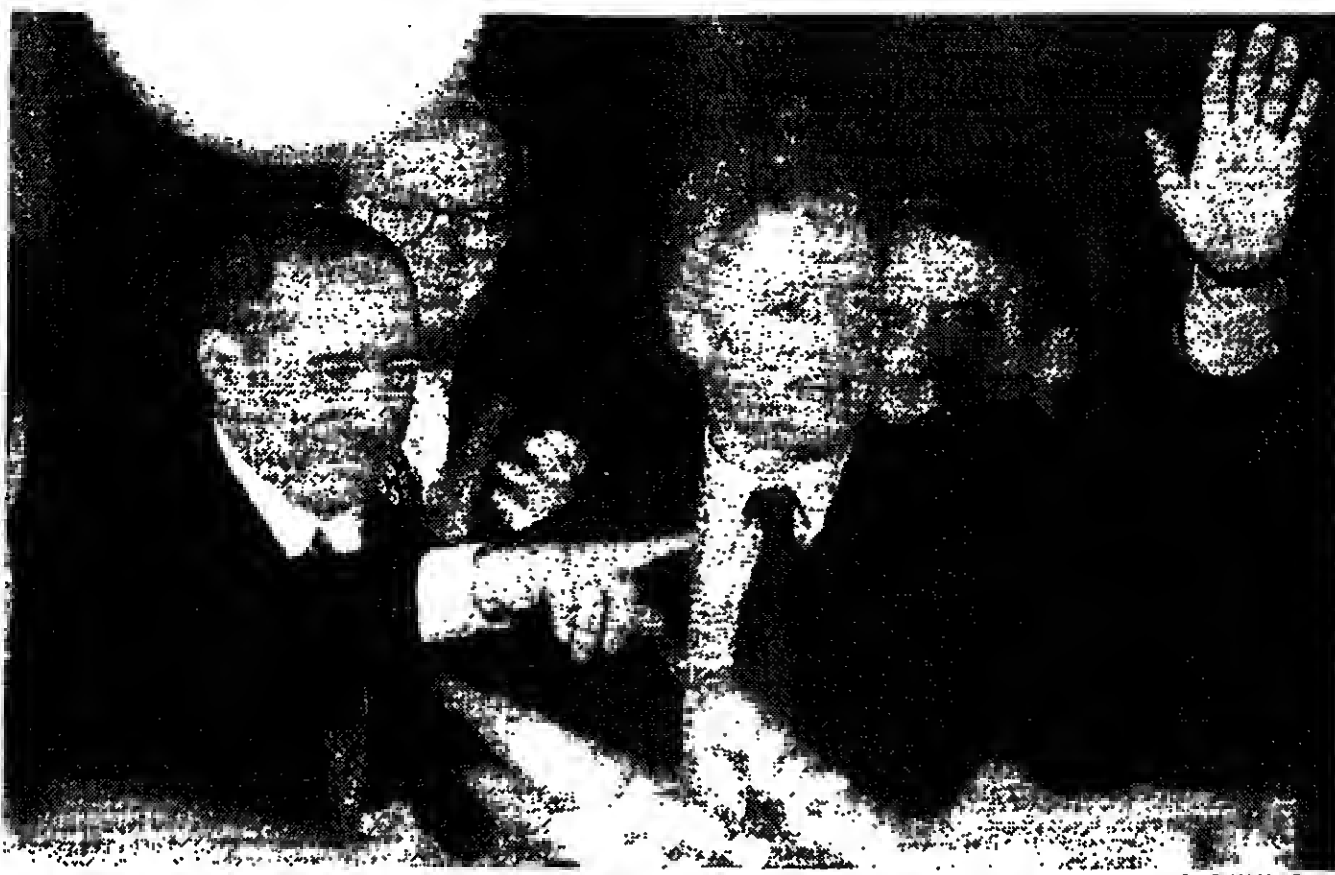
Mitterrand in the 1981 election after it was revealed that he accepted a gift of diamonds from an African leader, said he regretted publication of the photographs, particularly "if those involved did not agree to it."

Leading figures in the French press also expressed fears about the impact caused by breaking a precedent that they claim maintained France's cherished sophistication regarding sexual tolerance.

"Transparency in public life has nothing to do with this kind of trash," said Jean Daniel, editor of the political weekly Le Nouvel Observateur, in an interview.

The presidential office refused to comment on the affair.

In August, the journalist Pierre Pén shed light on another dark corner of Mr. Mitterrand's life by revealing that he served as a loyal civil servant in the collaborationist Vichy regime before joining the Resistance in the last stage of World War II.



President Clinton waving Thursday as Governor Mario Cuomo of New York pointed to a friend during a rally in Albany.

SOUR: Pessimistic Mood for Voters

Continued from Page 1

the next year, and concern by 4 of 10 about their safety, saying there is an area within a mile of their homes where they would be afraid to walk at night.

Confounding poll-takers, most voters continue to hold

fickle, if not contradictory, notions about Congress. But their overall regard for the institution continues to plummet, with the number who disapprove up a full 10 percentage points since September.

Three-fourths of the people surveyed disapproved of the job Congress as a whole is doing, just about the same level as disapproval in July 1992, when disgust with Congress peaked at news of the House bank scandal. Only 20 percent said they approved of the job Congress was doing.

Voters still gave their own representatives a break, compared with the rest of Congress, but anger at their own representatives is mounting.

The last two months of campaigning have clearly soured the electorate; the number of those who disapprove of their own representatives has doubled, to 33 percent, since September. At no time since the Times and CBS News started asking this question in 1977 have voters registered greater complaints about their own representatives.

More than half, or 56 percent, approve of their own representatives, but only about a third think their own representatives deserve re-election. When asked about Congress as a whole, only 12 percent think most members of Congress deserve re-election, while 82 percent want Congress to start from scratch with all new people. And yet more than half said that even if all new people were elected, the government would not work any better.

Despite their intense feelings against Congress, three-fourths of respondents could not name their own representatives. And by a margin of 2 to 1, they could not name one public official they admired.

"I really tried to rack my brain, and I can't think of anybody who has gone into office and is doing what they had committed to doing," said Pat Butler, 36, a sales representative

in Fayetteville, Georgia. "They find out once they get in that they can't do that much."

Two-thirds of all Americans said they felt as if they did not have much of a say in what the government did. This is the highest level of helplessness measured since The Times and CBS News began asking this question in 1990. Nearly three-quarters said most members of Congress did not understand their needs.

"They're not the same type of day-to-day people as you or me," said Tim Fithian, 25, a night warehouse worker in Hayward, California. "They're in a completely different world. They aren't someone you would want to socialize with."

By a margin of five percentage points, registered voters said they expected to vote more Republican than Democratic this year. This is statistically insignificant, given the poll's margin of sampling error and because such a general question cannot accurately predict results of local races. But there are other indications that Republicans may hold some advantages going into Tuesday's balloting.

Fifty-four percent of all Americans view the Republican Party favorably, while 44 percent view the Democrats favorably. In another measure of voter alienation, those surveyed were equally divided between those who said the Democrats, the party of Franklin D. Roosevelt, favored the rich and those who said the Democrats favored the middle class or the poor.

By a 2-to-1 margin, people believe that government should be less involved in solving national problems, which is generally the Republican approach. But 57 percent think the country needs a new political party.

In bad news for the Republicans, 71 percent of voters have never heard of their much-promoted "Contract With America," the party's main blueprint for what it wants to accomplish in the next session of Congress, should the Republicans take control.

The poll contains mixed news for President Bill Clinton, whose approval rating among all Americans stands at 43 percent, with 48 percent disapproving.

DISNEY: Investors Are Heartened

Continued from Page 1

said at a news conference that, no, the fault lay with tour operators and travel agencies who struck the theme park from their catalogs.

After a 15 billion franc rescue package last spring, attendance started picking up again, Mr. Bourguignon said. The company now hopes to woo visitors from key markets — particularly Britain, now that the high-speed rail link from London will arrive on the park's doorstep — by bombarding them with television advertisements designed to create "emotional attachment" to the park.

Attendance declined by a million from the previous year. Company officials declined to comment on reports that up to 10 percent of the visitors had entered on free tickets distributed to attract people on slack days in midweek and midwinter. But they said that people with free or reduced-price tickets contributed to overall earnings by spending in the stores and restaurants.

The decline in attendance coupled with price reductions at the park and its surrounding hotels reduced total revenue to 4.1 billion francs, from 4.9 billion. The hotels were 60 percent booked, which was slightly higher than the average in France, but earnings were down to 1.6 billion francs, from 1.7 billion, because the company had to reduce room prices.

In contrast, the Astérix theme park north of Paris reported its best ever season this year, with more than 1.5 million visitors, or 32 percent more than the previous year, and net profits of 15 million francs on revenues of 267 million francs.

Mr. Bourguignon said Euro Disney was on course toward making an operating profit in 1996. But he acknowledged that the huge real-estate development earnings once forecast by the company had vanished like the pot of gold at the end of a rainbow. "That market has disappeared," he said, at least for now.

Earnings are down not only because there are fewer visitors but also because those who do

come spend less than originally envisaged on food and souvenirs. On average, each visitor spends 248 francs in the park on top of the 250-franc summer entrance fee and 880 francs on hotels.

"That's still insufficient," said Mr. Bourguignon. He acknowledged that the park was still trying to shake off its image as an expensive place to visit.

Mr. Bourguignon said cost-cutting measures, including a 10 percent reduction in staff, had not resulted in any loss of quality. In fact, he added, there are 20 percent more attractions than when the park opened, and the average wait to get onto the attractions has gone down 45 percent.

Euro Disney is also about to conclude studies for a new conference center, which will be funded by Prince Al Walid bin Talal ibn Abdulaziz of Saudi Arabia, who acquired a 24.6 percent stake in the company earlier this year.

AIRPORT: China and U.K. Finally Agree on Hong Kong Financing Plan

Continued from Page 1

Kong, was more guarded, saying he hoped Britain would carry out the accord after it was signed. He noted also that improved cooperation between the two sides "would depend on British actions," according to a report on local RTHK radio.

"The next step will be to move ahead urgently with the financial support agreements for the two projects so that the Provisional Airport Authority and the Mass Transit Railway Corporation can go out and borrow in the private sector," a Hong Kong government spokesman said.

Construction of the airport on a nearby island and a railroad linking it to central Hong Kong is well under way, financed so far by the legislature's willingness to continue approving disbursements fiercely opposed by Beijing.

China's endorsement of the project, however, will allow the Hong Kong government to issue bonds that will be repaid after 1997.

Despite progress on the airport negotiations, China recently started Hong Kong by calling into question arrangements agreed on in 1991 for the makeup of the Court of Final Appeal, the territory's highest court, after 1997.

Beijing's bitter opposition to a package of democratic reforms introduced by Hong Kong's governor, Chris Patten, and endorsed by the legislature in June this year has prompted a Chinese pledge to abolish the colony's legislature in 1997 and replace it with another chamber more to its liking.

China has also suggested that an alternative, appointed legislative body be formed before 1997 to prepare for the transition, a move Britain strongly opposes.

"Unless these issues are resolved, we are looking at a potential legislative and judicial vacuum at handover," said Nick Moakes, an analyst with S.G. Warburg Securities, echoing widespread local concern that Chinese and British priorities in planning for the handover have recently taken divergent paths.

In a speech to the Legislative Council on Thursday that ignored Beijing's hints it would link the arrangements for the Court of Final Appeal, Mr. Patten urged legislators to endorse an agreement that would include a foreign judge on the court.

Local legal circles and many legislators have argued that the Joint Declaration covering arrangements for Hong Kong's future administration signed 10 years ago

contains provisions for more than one foreign judge on the high court.

"I don't dispute at all that this Court of Final Appeal that we are going to propose is not as superb an institution as some members would like," Mr. Patten said. "Much of life is about choosing whether to settle for the good as opposed to the best in order to avoid the worst, and this is one such occasion."

Also on Thursday, a spokesman for China's Foreign Ministry, Chen Jian, signaled a more conciliatory stance on relations with Britain, welcoming a call made by Britain's foreign secretary, Douglas Hurd, for closer ties in a meeting with his Chinese counterpart, Qian Qichen, a month ago in New York.

Reversing Chinese statements made earlier in the year, Mr. Chen said differences over Mr. Patten's democratic reforms should not hamper cooperation "on questions concerning other aspects of Hong Kong's political system, Hong Kong people's livelihood and other issues of a larger scope."

He added, "We wish to see the improvement of Chinese-British relations at the earliest possible time."

In Ireland, Women's Movement Stalls

New York Times Service

DUBLIN — When a prominent leader of the women's movement, Frances Fitzgerald, was elected to Parliament two years ago, both her own career and the movement it- self seemed on the rise in a conservative society where gains for women have been gains for women elsewhere in Western Europe.

Ms. Fitzgerald, 44, a social worker who had been chairwoman of the Council for the Status of Women, was touted even by some male politicians as someone with the potential to become prime minister, a job no Irishwoman has held.

The women's movement had been energized by the election in 1990 of Mary Robinson as president, the first woman to hold that job in Ireland. And members of the movement were exhilarated by the election of 20 women to

the 166-member Parliament in 1992, compared with 13 the previous session.

Several issues seemed ripe for debate and change. The virtually total prohibition by Ireland on abortion and its ban on divorce seemed vulnerable to liberalization. The women's campaigns for equality in employment and pay and government aid for child care seemed to be making progress.

But Ms. Fitzgerald guessed wrong in a political struggle within her own party, Fine Gael, sidelining her politically. And the legislature gains the women's movement sought have been blocked.

"There is a hiatus," she said in an interview as Parliament began its autumn session. "The movement is at a new crossroads. It's in a different phase, more demanding. Any social movement goes up and down."

She attributed the slow-down to a natural progression from a radical movement to a mainstream one. "We've got the government accepting the principles of equality, change, quotas, securing rights of children," she said. "Once you get the message accepted, it's harder to deepen it."

While more women are being appointed to government boards and the government is increasing financing for child care, the changes the women's movement feels necessary to give women more control over their lives have not been made.

Only 30 percent of Irish women work outside the home, the lowest in the European Union. The birth rate of about 2.5 children per woman is declining, but is still the EU's highest.

Ms. Fitzgerald said the women's movement in Ireland has been slowed by the strong

opposition that surfaced in public debates over abortion.

The issue moved into the headlines in early 1992, when a 14-year-old girl who said she had become pregnant after being raped by a friend's father was refused permission to travel to Britain for an abortion, as an estimated 5,000 Irishwomen do every year.

The Supreme Court finally allowed her to have the operation, and the case drew international attention.

That led to a vehement national debate, and Parliament finally approved a proposal to liberalize conditions for abortion. But voters turned it down in a referendum.

When it came into office early in 1993, the government promised a referendum on divorce — now banned by law — for this year, but that has been put off.

—JAMES F. CLARITY

BELLS: For Whom Some German Villagers Toiled

Continued from Page 1

factory in Western Germany. Yes, the factory happened to have a bronze B bell. Its price: 10,000 DM. The order must be placed by Friday because another church was also interested in it.

At 4 P.M. that day an emergency council was held in the Herschdorf parsonage among the three village bell-ringers, a neighbor and the Steinhöfels. How could they find the money in such a short time? Musing aloud, Mr. Steinhöfel said, "A village without bells is a dead village."

That phrase became the theme of a handwritten letter they composed at the kitchen table in the following half-hour. Addressed to every family in the village, it described the emergency and appealed for donations. Its closing plea: "Please come to the parsonage tomorrow and tell us if you can help."

There is only one photocopy-

ing machine in Herschdorf. In the next two hours, as the machine slowly printed out 150 copies, the Steinhöfels and their neighbor began delivering them to every house. They finished at 9:30 P.M.

At 8 the next morning, a man knocked at the parsonage door and handed Mr. Steinhöfel 100 DM. He was not a church member, but said, "The village wouldn't be the same without the bells." Then came a woman, a church member, who pledged 300 DM, payable as soon as her son came home from vacation.

Throughout the day, people stood in line outside the parsonage with cash in hand or pledges. By nightfall, the 10,000 DM goal had been reached. Donations continued to come in for several more days, bringing the total to 15,000 DM. (A "godsand," Mr. Steinhöfel said, since it was later discovered that the beam holding the bells also had to be replaced, at a cost of 5,000 DM.)

Ten days later, villagers lined the street in front of the church to watch the new bell being delivered. Mr. Steinhöfel said a few words; the fingers wreathed the bell with flowers, and the village brass band played the only religious tune they knew: Handel's triumphant melody "Thine Is the Glory."

But the bells could not be rehung until the steeple was finished. As it turned out, this came just a couple of days before the fall festival to give thanks for a bountiful harvest. On that October Saturday, a throng gathered around the church just before noon. A chair was brought for the village blacksmith, for many years the repairman for the church clock, who rose from his sickbed for the occasion. A villager brought a bottle of Champagne and poured glasses for the three bell-ringers.

At noon, after Mr. Steinhöfel's prayer of thanks, the three bells of Herschdorf rang out again.

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Brazil	0055-11-111	Hong Kong	00852-222	Moldova	00373-222	San Marino	00378-111
British Virgin Is.	001-800-777-1111	Hungary	0036-1-111	Monaco	00377-111	Saudi Arabia	00966-111
Bulgaria	00359-1-111	Iceland	00354-1-111	Netherlands	0031-20-111	Singapore	0065-111
Canada	1-800-344-4663	India	0091-11-111	New Zealand	0064-9-111	South Africa	0027-111
Chile	0056-2-111	Indonesia	0062-21-111	Norway	0047-22-111	Spain	0034-91-111
China (English)	0086-10-111	Ireland	00353-1-111	Paraguay	00595-222	Sweden	0046-8-111
China (Mandarin)	0086-10-111	Israel	00972-3-111	Peru	0051-1-111	Switzerland	0041-111
Colombia (English)	0057-1-111	Italy	0039-6-111	Puerto Rico	1-800-372-8000	Taiwan	00886-2-111
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LATVIA

Immutable as the Riga skyline, Latvia's independent spirit is shaping an efficient Baltic economy.



Bordering Estonia, Lithuania, Russia and Belarus, Latvia is an important regional transit point.

The Republic of Latvia

Area: 64,589 square kilometers (25,000 square miles)
Population: 2,281,000
Capital: Riga (pop. 800,000)
Other major cities: Daugavpils (128,000), Jelgava (114,000), Jurmala (72,000), Ventspils (65,000)
President: Guntis Ulmanis
Prime Minister: Maris Gailis

STRUCTURING AN ECONOMY OF LEGACY AND NICHE

The Latvian economy has now returned to growth, with a 1 percent to 4 percent increase forecast for 1994.

Small countries live off their reputations, and Latvia is living quite well off its reputation at the moment. The "Switzerland of the Eastern Baltic" is how three of Western Europe's leading dailies labeled the country in recent articles, a reference to both the country's perceived attributes and its current way of earning a national living.

Like Switzerland, Latvia has a reputation that stems from the world's appreciation of its finances and financial sector. The Latvian government has shown a Swiss-like abhorrence for unbalanced budgets, trade deficits and debt loads. Latvia has a rock-hard currency, the lat, whose strength comes from the respect accorded to the Latvian banking system's efficiency, probity and reliability. Also like that of Switzerland, Latvia's financial sector is thriving on inflows of funds seeking a safe haven from political and economic uncertainty.

Functional and dynamic in a description worthy of Switzerland, Latvia is viewed as "a place that works." In the words of a Riga-based German chemical executive, it is a place "where officials are responsible and their actions accountable, where it is possible to process trade documents, make a telephone call and get a supplier on short notice."

The country also features a Swiss-like ethnic makeup, with ethnic Latvians accounting for 52 percent of the population, and Russians

two-thirds of the rest. Once riven by segregation and mistrust, but now aided by increasingly conciliatory governmental policies, the country's ethnic groups are making steady progress toward a Switzerland-like pluralism.

Successful survival

Although edifying, such comparisons don't even begin to encompass the vast accomplishments of the Latvian government over the last two short years," says Professor Manfred Meier-Preschany, who has been serving as the government's chief economic adviser since July 1993. "Nor do they imply the long, hard work that still lies ahead. Before anyone even thought of making ringing comparisons to Switzerland or Singapore, Latvia was confronting life-or-death questions about national economic survival. That has been Latvia's initial, most important accomplishment: surviving — and surviving well — the most wrenching readjustment imaginable."

Until independence, Latvia was an integral part of the Soviet Union's economic and energy supply systems. As late as 1990, transactions with the dissolving Soviet Union directly accounted for half of Latvia's gross domestic product and 95 percent of its total trade.

Transit transactions Today, trade with the Soviet successor states amounts to around 40 percent of the country's total. Since much

of that stems from transit transactions, Latvia's "net exposure" to the CIS is said to be about 10 percent of GDP. By tapping new sources of supply and reconfiguring existing networks, "Latvia is no longer energy-dependent on Russia," says Adrians Davis, chief executive officer of the country's natural gas authority. A sign of change: environmentally friendly natural gas now accounts for 40 percent of the nation's energy budget. This shift is one factor behind the noticeable improvement in the country's ambient environment, seriously strained under the Soviet system.

Back in the black

In fact, as Mr. Meier-Preschany points out, Latvia has been doing more than merely surviving. After the first two post-independence years' plunges, the country's economy made a return to the growth columns in mid-1994, with forecasts now ranging between 1 percent and 4 percent. During this time, the country's private sector has been undergoing a major expansion. Since 1991, some 60,000 companies have been founded, of which an impressive 4,000 are either partially or totally owned by outside investors from 80 countries. Net purchasing power per capita has risen 18 percent over the past three years, suggesting the source of the obvious prosperity to be seen in Riga and in other major cities: a "shadow economy" of considerable size.

"Survival has, to a great extent, come from the

niche," says Mr. Meier-Preschany. "Lasting, deeply based prosperity is going to come from employing the niche's resources, impetus and contacts to restructure the 'legacy' economy. I've seen a lot of business talent, patient industriousness and hard-headed common sense in this country, and it's going to take all of those qualities to redo the legacy economy."

Latvia's niche is handling transit trade between the main mass of the CIS countries and the outside world, and providing related storage, finishing, assembly and financial services. This niche is large. Transit trade accounts for some 90 percent of the cargo transported through the country's three largest ports: Ventspils, Riga and Liepaja. The niche is also a good provider for Latvia, keeping 1993's balances of trade, payments and services all in the black.

The Soviet legacy

The legacy economy is the patchwork of aging industrial conglomerates built by the Soviets, and the local monocultures existing around them, often the sole sources of employment for communities. "There's another legacy from the past: the great stock of highly qualified, entrepreneurially minded people working at the conglomerates," points out Janis Zvanitajs, Latvia's economics minister. "Many green shoots are springing up in local communities. Our job is to interlink the niche and the legacy economy, to put our international

business community on-line with our local communities."

In fact, according to the latest statistics, that process has already started. Manufacturing output is currently up 10 percent over the previous year, led by a fast-growing, successfully exporting food-processing industry. "Real" (included unreported) unemployment seems to have peaked at 8 percent. Announcements of major investments in manufacturing companies have become standard fare in local newspapers. The upcoming wave of privatization is expected to put the restructuring of the legacy economy into full gear.

The new vibrancy Still, economic statistics tell only part of the story of Latvia's transformation, according to Vita Anda Terauda, one of the many Latvian-Americans taking part in rebuilding the country. A holder of dual citizenship, Ms. Terauda is the country's minister of reform.

"For most Latvians, the transformation has been experienced as a profusion of colors, possibilities, issues and, of course, concerns and worries," says Ms. Terauda. "Most of all, it's been perceived as a fast-paced flurry of events. Sometimes I have to simply stop and ask myself what happened to the Riga of bread lines and drab buildings and cold, uncomfortable rooms. That city has so little in common with today's vibrant, well-functioning Riga."

Terry Swartzberg

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1010 Riga
Tel.: (371 2) 228 84 44
Fax: (371 2) 228 08 82

Latvian
Tourist Board
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1050 Riga
Tel.: (371 2) 32 75 42
Fax: (371 2) 22 90 45

PRIME MINISTER GAILIS SPEAKS ON CHALLENGES

Born in 1951, Maris Gailis earned a degree in mechanical engineering in 1978. After holding a number of industrial posts, Mr. Gailis entered politics in 1990, serving as director of the international economic relations department of the Latvian government. Over the next four years, he held a variety of ministry-level governmental positions before becoming prime minister on September 15, 1994.

Although they share ties of geography and history, the three Baltic countries have not been noticeably close or productive in the post-independence phase. What is the current situation?

Over the last three years, all three Baltic countries were often very occupied with coming to grips with their own national situations, and with defining and managing their relationships with Russia and other major

countries and groupings. As a result, our countries hadn't yet addressed themselves to filling in the practical details of the extensive, far-reaching ties mapped out in various agreements. Since June 13th and the founding of the Baltic Council of Ministers, we've been doing just that — focusing on such matters as further reducing border crossing times, devising common approaches to combating crime and harmonizing business-related laws and legislation. The first proposals are now being implemented, and they are already making a noticeable difference in our citizens' daily lives.

The integration of its various ethnic groups has been described as Latvia's biggest challenge. Latvians account for 52 percent of your country's population; two-thirds of the rest are Russians. Reports of problems with strict require-

ments for citizenship, including fluency in Latvian, have been appearing in the international press. Has progress been made in this area?

To describe this situation in terms of ethnic groups is misleading. Allegiances and perceptions of interest are the applicable criteria. Independence came unexpectedly and rapidly to many people resident in Latvia. Many of our country's non-Latvians had never planned to be part of an independent Latvia, nor to be here longer than a few years. They were thus left stranded here by events. And many of these people would like to return to Belarus or Ukraine or Russia, but are facing administrative and financial hurdles to their doing so. We're working on eliminating these barriers on a bilateral basis.

Many non-Latvians actively demonstrated their allegiance to Latvia during our

country's drive for independence. Others have made it quite clear that they plan on making a life in Latvia for themselves and for their children, for very practical reasons. Our standard of liv-



"A nation's prosperity is the sum total of its individuals' prosperity. Many Latvians have fully exploited their best in a lifetime chance to try out new fields of activity."

ing is relatively high; life here is attractive. For these people, and considering their depth of interest and length of time-frame, 10 years of residency and a passable command of their new country's language do not represent unreasonable or insurmountable obstacles. We are

seeing encouraging signs of integration from these groups. For instance, a growing number of Russian families are sending their children to Latvian-language schools. You have to re-

signs of a new prosperity are very evident in Latvia, even to the casual observer. Yet there are also reports of endemic poverty. Is Latvia achieving sustainable, broad-scale economic progress, or is this prosperity restricted to a few "pockets of plenty"?

Certain economic sectors were in our power to change, and in these areas we have acted decisively and quickly. The prosperity you're seeing has ensued from these changes. Although the move was widely criticized at the time, we set up our new currency, the lat, and made it the hardest one in the region and currently one of the hardest in Europe. Along with a freely convertible free trade, free banking and free investment policies. The result is that Latvia has now become the eastern Baltic's financial and trading center.

Like Hong Kong in the old days, we're handling a lot of the transit traffic between the CIS countries and the outside world, from as far away as Chile and China. As a result, our freight-processing sector is growing rapidly, along with trade-related finishing and manufacturing.

On a long-term basis, we can't grow without a high-achieving industrial sector. Parts of our food processing and consumer goods industries have already managed the turnaround, as has our construction sector. Other manufacturing operations, often funded by foreign investment, have started up, causing a strong, overall rise in manufacturing turnover. But the restructuring of our heavy industry, which was interlinked with the Soviet system, and particularly to its military-industrial complex, is proving a large job, requiring large amounts of

capital and management know-how. Both of these items will be forthcoming from Latvia's emerging capital and equity markets, being created in conjunction with the privatization program, now well into its main phase.

A nation's prosperity, of course, is the sum total of many individuals' prosperity. Very many Latvians, included many of my own friends, have fully exploited their first-in-a-lifetime chance to try out new fields of activity, new ways of doing things. For five decades, after all, we were denied this freedom. And many people in Latvia are actually proving to be very good at running their new businesses or engaging in their previous professions in a new way. This broad array of individual, successful endeavors is what you're now seeing in Latvia.

Interview by T.S.

سكيا من الامم

LATVIA



Piece of cake? Most of Latvia's small businesses will be sold to their operators.

PRIVATIZATION PROGRAM: END OF THE LEARNING PHASE

Spurred by recent legislation and the stock exchange, the main phase of privatization should be completed by 1996.

Until recently, almost all parts of Latvia's economic restructuring program were getting high marks from outside observers. The exception: the country's privatization campaign. Critics pronounced its procedures to be too time-consuming and complicated, its results too meager. Over the last six months, those knocks have given way to measured, sometimes even vociferous praise.

"The Privatization Agency's staff enjoys a very good reputation in Latvia's business community," says Maris Bendiks, financial analyst and designated chief executive officer of the Latvian Deposit Bank. "The consensus is that the agency has a very good grip on its companies and on the privatization process as a whole, and that the program is now quickly making up lost time as a result."

Enter the Stock Exchange

This shift in informed opinion has been impelled by recent developments. After successfully conducting a Czech-style distribution of coupons to the country's citizens, the privatization

agency is now planning to put 121 major industrial companies up for auction in December. The auctioneer will be the neophyte Riga Stock Exchange, for which the newly privatized companies will form many of its blue chips, complementing a well-established government securities market and a budding securities market. Buyers are expected to be primarily investment funds.

"Early March's law of privatization gave a tremendous impetus and direction to the whole privatization process," explains Druvis Skulte, minister of privatization, "and has set its entire subsequent course. The law incorporated all of our looking at and learning from the other privatization programs in Central and Eastern Europe. It adapted and adopted their most successful features. In that respect, our period of relative waiting and watching is now proving to be our greatest asset."

Smooth chain of operations

In much of Central and Eastern Europe, privatization is being carried out by competing bodies. Thanks to its

new law, Latvia has a single, well-functioning chain of privatization. In business since Sept. 1, the State Property Fund, residual "owner" of 1,500 nonprivatized industrial companies, does the groundwork for the privatization candidates, forming them into viable entities and factoring in investor input and interest.

After an appropriate cabinet-level decision, the enterprises are then handed over to the Privatization Agency's "company doctors," who put the finishing touches on the candidates and handle their sale. Founded on April 22, 1994 and headed by Janis Naglis, the agency currently has 228 companies under its wing.

Other features of the Latvian way of privatization: a judicious use of employee stock ownership plans — "enough to give employees a stake in their companies and a say in its running, but not exclusive control," in Mr. Druvis's words — plus the use of the "total price idea" of Germany's Treuhandanstalt, in which winning bids are those guaranteeing the largest total number of jobs, amount of capital

investment and up-front purchase price.

Quick sales for small business

As is the case in other countries, very large and very small companies have their own privatization tracks in Latvia. By the end of the year, it is envisaged that virtually all of the country's restaurants, grocery stores and hairdressers will have been sold, mostly to their operators, in the so-called small-scale privatization. Such large, key companies as Latvia's telecommunications authority have been totally or partially privatized through international negotiation or tender.

Based on current projections, Mr. Skulte expects the main phase of the privatization program to be completed by 1996. "While further privatization will occur after that, the public sector will retain important stakes in certain key industries and in key companies," he says.

Mr. Bendiks agrees with this timetable: "It's getting to be a realistic, even conservative, goal," he says.

T.S.

THE WELCOME MAT IS OUT FOR FOREIGN INVESTORS

The structure is now in place to accommodate investment from abroad.

The amount of foreign capital invested in Latvia since independence totaled about \$140 million through January 1994 — about half the direct foreign investment in neighboring Estonia over the same period. This was mainly due to the slow pace of privatization under previous Latvian governments, something that should change now that the state privatization agency has started its ambitious program to transfer 75 percent of state enterprises to private hands over the next three years and provide new opportunities for foreign investors.

"I'm very optimistic about the future business climate," says American-Latvian John Sillich, a trade representative for an American company in Riga dealing in electrical products. "Latvia has certain natural advantages — Riga is the largest city in the region, it's in the middle of the Baltics and has ice-free ports."

The U.S. pioneers

By early this year, the greatest investment in monetary terms had come from the United States — Kellogg, Coca-Cola and accounting firm Price Waterhouse were early arrivals, while the ubiquitous McDonald's is due to open its first Baltic restaurant in Riga by the end of the year. The single largest investment, however, is in the communications sector, a joint venture involving state-run Lattelecom and TILTS Communications, made up of the British firm Cable & Wireless (70 percent) and Finnish Telecom (30 percent). This \$160 million project will renovate Latvia's telecommunications network over the next three years. The total restructuring will take up to 10 years and could cost an estimated \$1 billion.

Other investors, such as Kellogg, see Latvia as a jumping-off point for exporting to the other Baltic countries and to Russia. Kellogg opened its first East European factory outside Riga in a \$22 million greenfield investment and has already started exporting to Lithuania and Estonia.

Small is beautiful

Although Western companies are most visible thanks to mass advertising campaigns, Latvia's close ties with Russia have provided many more investments. Over a quarter of the joint ventures in the country are with Russian partners, followed by Germany (12 percent), the United States (8 percent) and Sweden (7 percent). Overall, it appears that investment is dominated by companies

with relatively small capital investments and that targeting tax advantages toward large investments of over \$50,000 has not yet achieved the results anticipated.

The main areas of investment are forestry, wood processing, cellulose and the paper industry, light manufacturing, telecommunications and construction. Forests, about half of which are pine, cover about 43 percent of the territory of Latvia. This is regarded as an attractive area by many Scandinavian countries as well as by Britain, currently the largest importer of Latvian timber.

Spreading the wealth

Latvia has yet to realize its potential for investment — well over 80 percent of the total capital is in Riga, and investors await the results of privatization. There is, however, competition among the Baltic states themselves and also with the larger St. Petersburg market of 10 million. Both Tallinn and Riga are eager to develop their ports and exploit their positions as gateways from East to West.

No one is more aware of the need to woo investors than 30-year-old Uldis Vitolins, economics postgraduate of the University of Latvia and director of the government-funded Latvian Development Agency. "At the moment, one of our main problems is a lack of resources to restructure our economy," he confesses. "We have ideas, plans and skills, but we have no money. We need not only investment, but also knowledge about markets and management."

Young and restless

The agency's aim is to promote Latvia as a place for investment, working in tandem with the Privatization Agency and the Riga Stock Exchange, due to open early next year and headed by Harvard MBA Karlis Cerbulis. The younger generation at the head of Latvia's financial institutions is impatient — the agencies and laws are in place, there are few restrictions on foreign capital entering the country and foreigners can lease land for up to 99 years — but the investment is slow to arrive.

"The main aim is to get big names into Latvia," says Mr. Vitolins, who looks forward to foreign investment increasing now that the state is selling companies off; the government has stabilized and the Russian troops have gone.

Samantha Knights

REORIENTING INDUSTRY

New markets and development are the first priorities.

Today, privatization and restructuring toward an export-oriented market are slowly shaping Latvia's growing service sector, while the main industries — timber and wood processing, electrical engineering, construction and light manufacturing — are looking for foreign investment and know-how.

Privatization of industry is still in the early stages, with about 70 percent of industry still in state hands. The government's new rapid privatization scheme for the next three years aims to change this by developing rural areas, communications infrastructure and transport and by introducing new technology.

In search of lost markets

"We have many attractive sectors and good knowledge in the engineering industry, but our enterprises have lost their markets," says Uldis Vitolins, director of the government-funded Latvian Development Agency.

Figures for industrial output have shown a steady decline in the last few years, dropping by 34 percent in the third quarter of 1992 from the same period the previous year and by 38.1 percent last year.

To reverse this downward trend, according to a World Bank report, Latvia will need to reduce its dependence on the supply of goods from monopolies in Eastern countries and to decrease its consumption of energy resources. This is particularly important for the energy sector, as Latvia has no energy resources of its own and buys oil from Russia and electricity from Estonia.

Power generation

To reduce dependence on imports, the energy utility has studied plans to build two cogeneration combined heat and power plants and to develop the hydroelectric potential of the River Daugava, as well as renewable resources such as wood and peat. These plans will require an investment of about \$2.5 billion to complete. Energy was once Latvia's chief export and import, as fuel from Russia was transported to the West via Latvia's oil terminal at Ventspils; it remains an important industry today.

Timber is one of Latvia's least-

tapped natural resources: forests cover over 2.6 million hectares, or about 43 percent of its territory. Last year, only 60 percent of the amount permitted to be felled was used, and over the next 10 years, the permitted volume is to increase to 8 million to 9 million cubic meters annually, making it attractive to future investors. The capacity of the wood-processing industry is also underdeveloped, due to a lack of both technology and money. According to data from the Latvian Development Agency, production has begun to increase, particularly in plywood.

New trade agreements

The engineering sector, which grew rapidly under Moscow's control — contributing 26.3 percent of industrial output and 39 percent of industrial employment by 1990 — has suffered heavily. A large share of the output from the electronics industry and shipyards was used by the military, while other companies, such as VEF, the supplier of telecommunications equipment throughout the Soviet Union, had monopoly status.

Today, a few industries have renegotiated trade agreements with the newly independent countries of the former Soviet Union. The railroad car plant AVA, for example, is still producing for markets farther to the east, while there has been considerable interest in metal bought in Russia and shipped out to the West through Riga. The port of Liepaja, occupied by the Soviet military until this year, is also rapidly becoming a commercial port.

Exports looking up

On a smaller scale, clothing manufacturers and textiles have succeeded in reorienting their markets westward. Latvian companies have joined up with foreign partners to form joint-stock companies such as Velme, Saiva and Rita, which import materials and export ready-made clothing. Two footwear producers, Redeber and Redex, have set up joint ventures with the German company Delta, while overall exports of light manufacturing goods and services to Western countries have already increased from \$7 million in 1992 to \$36 million in 1993. S.K.

A MORE COMPETITIVE BANKING SECTOR TAKES SHAPE

Latvia's banking sector is "slowly shaping up," with "about half a dozen banks offering reasonable services," says Michael Walsh, manager of foreign reserves at the Central Bank. The banks are competing aggressively for deposits and the Russian capital already propping up a large number of banks. A sign of growth is the increase in time deposits held by private individuals in banks, from 13.9 million lats in January 1993 (\$29.4 million at current exchange rates) to 117.9 million lats by the end of the year.

At the top end of the spectrum, mergers and privatization are not issues. Among them is the future sale of one of the three remaining state banks, the Universa Bank. The giant of Latvian banks, Parex, and the

smaller Latvian Deposit Bank are competing for the bid, while the Deposit Bank has recently merged with the commercial Centra Bank. Riga Commercial Bank has chosen to issue shares publicly to raise its share capital, its fourth issue of \$44 million was the largest public issue in Latvia to date.

The credit gap

The race to attract deposits has forced interest rates sky high. At the start of 1993, annual interest rates on short-term credit to enterprises and individuals were above 100 percent, and today are around 60 percent, making it nearly impossible for companies to borrow locally.

Moreover, long-term loans are not available except through the Latvian

Investment Bank, set up with the Bank of Latvia as a shareholder and later joined by the European Bank for Reconstruction and Development to channel long-term loans into small enterprises.

New regulations

Regulating Latvia's 56 banks is no small task for the Central Bank. But the grip of the Central Bank is tightening. In moves toward scaling down the sector, a number of banks have had their licenses revoked, mostly due to credit policies. The Bank of Latvia has also set a minimum capital requirement of 1 million lats, which is to be reached by all banks by early 1996.

For the future, Riga, with its money, banks and open-door policy to

foreign capital, has been put forth as a financial center for the Baltic region and all of Europe, banking center, something Uldis Vitolins, director of the Latvian Development Agency, feels quite possible.

Latvia's money market, which has been investing in hard-currency assets, has been launched by the newly formed Engineering Ltd. in conjunction with the international Bank of Riga. It will invest primarily in short-dated Treasury bills and certificates of deposit issued by leading banks in Latvia and Lithuania. Says Aigars Sevels, chief executive officer of Baltic Asset Management Ltd., "Demand is fueled by the Baltic entrepreneurs' need to trade in hard currency with, for example, Russia." S.K.

FREEING LATVIA'S FINANCIAL STRENGTH

Latvia's freedom isn't just political.

The lat, the national currency, is freely and unlimitedly convertible, with both local and foreign companies enjoying free access to international capital markets. Companies and individuals are free to maintain accounts in whatever hard currency they desire. Investors are free to take stakes or found companies in whatever amount or whatever sector, with the exception of agriculture. Both profits and investment capital can be freely repatriated. Following the British model, non-Latvians are free to buy 99-year freeholds anywhere in the country.

A strict fiscal hand

This freedom is a product of the Bank of Latvia's very strict, even draconian hand. Founded in 1990, it began full operations in September 1991. The bank quickly and rigorously instituted a wide range of far-reaching measures: it freed prices from their controls, set up a banking system and slapped strict capital adequacy rules upon it, and kept money tight and expensive. In a daring



Building on a solid currency: tight monetary policy is paying off.

step, the bank introduced first the "Latvian ruble" in May 1992, then rechristened and redesigned it as the lat in March 1993. The lat was made the country's sole legal tender in June 1993.

Already a role model

Says Professor Manfred Meier-Preschany, senior international banker and chief economic adviser to the Latvian government, of the Bank of Latvia: "They're a highly capable and totally professional group of people, and they're doing a good job."

Mr. Meier-Preschany's opinion is shared by both the international financial press and local citizens. A recent article in Germany's Handelsblatt called the Bank of Latvia "a Bundesbank in the making" and described its

president, Einars Repse, as "a role model for Central and Eastern Europe's central bankers."

Ilmars Rimsevics, the bank's deputy governor, agrees: "There is now a great affection for the bank and the lat on the street," he says. "But a year and a half ago, we were the most unpopular people in Latvia. Inflation was rampant and no one was sure if the new currency was worth the paper it was printed on."

Whipping inflation

Since then, the rate of inflation has declined from 65 percent a month to 0.2 percent in late spring, and has since hovered between 1 percent and 2 percent a month. "Inflation will continue to fall as the aftereffects of the freeing of prices and of the institution of a val-

ue-added tax work their way out of the economy," says Mr. Rimsevics.

In addition to their native talents and plain guts, Latvia's central bankers could call on another, invaluable asset in setting up a Western-style financial system: the support of their government. "The Latvian government has shown a willingness to take unpopular measures and make them stick," reports a recent survey of the Latvian economy conducted by Germany's Manager magazine.

Backing for the lat

By curtailing public-sector expenditures, the government recorded a budget surplus in 1992 and 1993 by its own accounting; outside figures speak of a modest 3 percent of gross domestic product deficit in 1993. Public-sector foreign indebtedness is a minuscule \$86 per capita, and that is more than covered by the Bank of Latvia's steadily growing hard currency reserves, providing the lat with ample backing.

"Success has quite a few parents" runs the maxim. In the Bank of Latvia's case, instead of parents, perhaps "generous, watchful godparents" would be more accurate. The IMF has provided the bank with both money and technical expertise, as have other international banks and national central banks.

Of particular assistance has been one institution, which was itself founded in the aftermath of war and economic collapse, and also charged with the defending of a new, untested currency: Germany's Bundesbank. T.S.

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LATVIA



MILESTONES OF LATVIAN HISTORY

Six dates highlight Latvia's recent history.

November 18, 1918: Latvia gains its independence, putting an end to some nine centuries of outside rule, including nearly 200 years of first partial, then total, Russian domination. The period's high points had been the founding of Riga in 1201 and the city's subsequent joining of the Hanseatic League in the year 1282.
June 14, 1940: The Soviet army occupies the country, beginning five decades of Soviet control.
July 28, 1989: Latvia proclaims its sovereignty.
May 4, 1990: Latvia reasserts full independence. The Soviets retaliate with an economic blockade and then with a protracted occupation of Riga.
August 21, 1991: After negotiations and a plebiscite, Latvia becomes fully independent.
August 31, 1994: The last Russian troops depart from Latvia, except for a few stragglers; a radar station will remain under Russian control for another five-year transition period.

GETTING AROUND

Traveling around the country poses little problem.

Riga is highly compact and thus walkable. It takes less than 30 minutes to cross the entire inner city, some 54 hectares in size. Taxis are reliable, and drivers will provide receipts unasked. Rental cars are available at Riga airport — spankingly modern and only 15 minutes, 7 kilometers and a \$12 cab fare away from the center of downtown. The country's highways are adequate, and the "Via Baltica," the main trans-Baltic highway, is quite good. Buses and trains run throughout the country, but the buses are quicker and more frequent.

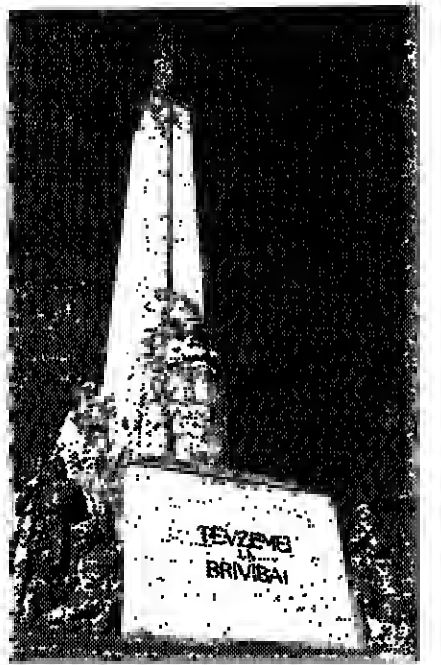
Getting into Latvia is also easy. Visas are dispensed at the border or at Riga airport, and cost between \$20 and \$40, depending on the frequency of the traveler's visits. ("Americans get in free of charge," remarked the young official at the visa counter.) Holders of British passports do not need a visa at all.

Getting there
Getting to Latvia used to be either time-consuming, expensive or both. This is changing. While international rail and road links remain slow, air access is improving. Increased competition is bringing down airfares. There are now 13 carriers serving the country, providing 85 weekly connections to 15 international destinations.

Ferry service remains an easy and economical way for those traveling by car to enter the country, with service from Copenhagen (three times a week), Kiel on

Germany's north coast (twice a week) and Stockholm (weekly). Travel times: 36 hours from Copenhagen, 40 hours from Kiel.

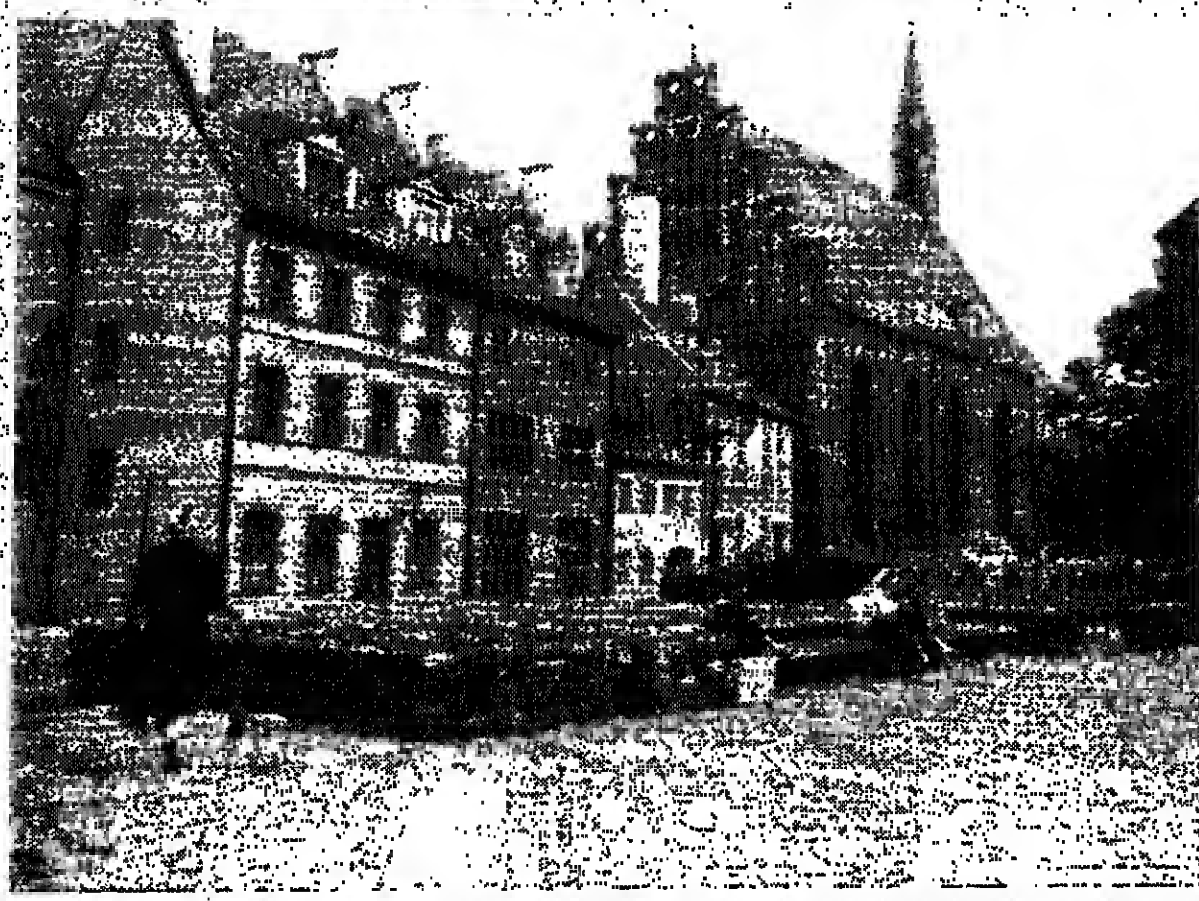
On the ground
Latvia's banking sector is on a par with those of Western Europe, and telecommunica-



The Freedom Memorial.

tions are improving rapidly. The lat is fully convertible, and banks are thick on the ground in Riga. Current exchange rate: 1 lat = \$1.35. Dollars and Deutsche marks are also widely accepted, as are credit cards. Excluding occasional lapses, international telephone calls go through with a minimum of difficulty. At latest count, Riga had 34 hotels with a total of 5,000 beds. Accommodation is widely available, especially in such tourist areas as Jurmala and the Gauja region. A whole generation of restaurants has sprung up in the country, featuring eclectic mixes of local cuisine and foreign specialties.

T.S.



Clockwise from top left: Riga's cafés, historic architecture and open-air markets are about to be discovered by tourists from around the world now that word is getting out about the well-preserved city.

RESPLENDENT RIGA AWAITS THE RUSH

Latvia offers travelers a once-in-a-lifetime opportunity.

Riga has been recently and wonderfully restored almost entirely to its former, fabled beauty. And few in the West have yet discovered it.

"Few" is, of course, only a relative term; tour groups will soon start streaming into this resplendent city. Tourist arrivals in Riga rose 15 percent in 1993, and are expected to rise 70 percent in 1994. These tourists, mostly from nearby Sweden and Finland, have joined the Latvians in filling the Doma and "Big Guild" squares, Riga's equivalents of Prague's Wenceslas Square and Charles Bridge. But the Nordic travelers' enthusiastic reports of Art Nouveau mansions, medieval guild and concert halls and greenery have not yet seeped into the global travel consciousness.

Historic cityscape

Lack of information and a lack of access long kept Riga out of the world's sight and mind, but signs are that both these constraints are rapidly disappearing. Students of architecture and guidebook writers are now seen prowling the Elizabetes and Albert streets, comparing notes on the glories created by Mikhail Eisenstein, father of the well-known film director and the seminal designer of late-19th-century Riga. In one mid-October week, Riga was given top billing in two German travel magazines. Once prohibitively expensive, airfares are now coming down to West European standards. Even better, carriers have started to offer special weekend and "Get to Know Riga" rates.

Every year, millions of people go to Prague and Siena in search of a city where the past is preserved in all its glory. This is also true of Riga, where for 700 years, the city's rulers and merchants, from Baltic barons to Hanseatic traders, German burghers and the Jewish entrepreneurial intelligentsia, added their own characteristic structures.

Monument to independence

"In their own odd way, the Soviets must have loved the city — there's no other explanation for it," says Juris Avotins, a staff member at Latvia's Ministry of Information. By this he means that the Soviets neither repaired nor renovated most of Riga's structures, and refrained from adding their own architecture. Only one Stalin-era building — the Hotel Latvia — marks the venerable cityscape.

"Nor did they tear down the Monument of Liberation; I can't understand it," Mr. Avotins continues. Completed in 1935, the monument remained a symbol of Latvian independence throughout the Soviet era. It was at the monument, on January 15, 1991, that four Latvians died defending that independence. Today, an honor guard keeps watch.

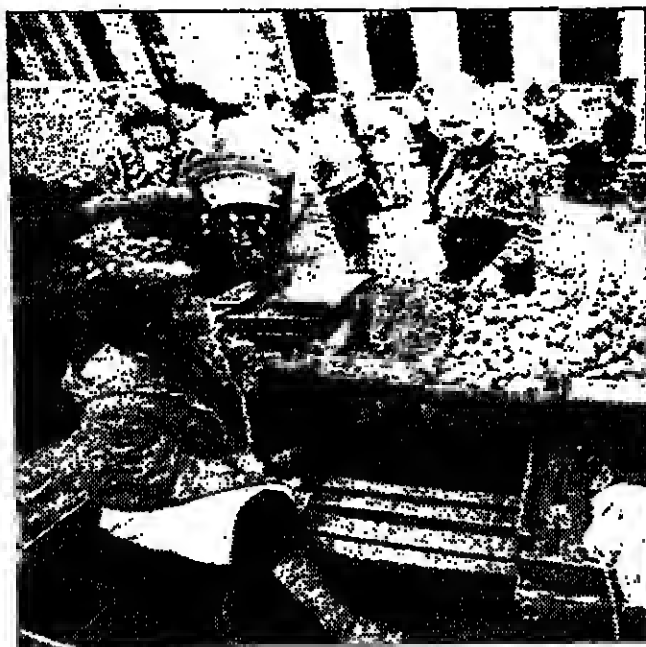
Every few minutes or so, a small group of Latvians arrives at its base, deposits a wreath of flowers and then quietly leaves. For them, independence, awaited for a millennium and then, after a brief interval, for another five decades, is embodied here at what has essentially become Riga's greatest tourist attraction.

On beyond Riga

Greater Riga has 1.2 million inhabitants, just under half the country's population, which means that most of the rest of Latvia is non-urban. Half an hour by car west of Riga, Jurmala's hotels and dunes draw hundreds of thousands of tourists a year. Beyond Jurmala is the Kurzeme (better known as the Courland) peninsula, a true arcadia — and behind that the "real" Baltic coast.

Some 53 kilometers to the northeast of Riga is Sigulda, jumping-off point for the Gauja national park. This captivating region is a tapestry of rivers, lakes and forests studded with gracious and forbidding castles.

T.S.



LATVIA'S CROWDED EUROPEAN AGENDA

Ties are being forged with the EU and other bodies.

We'll have a full association agreement with the EU, similar to the ones between the Union and the Visegrad Four, by the end of the year," says Valdis Birkavs, Latvia's distinguished foreign minister. If so, it will cap a long list of impressive accomplishments achieved by Latvia in a relatively short time.

Taking the place of 1993's trade and cooperation treaty, the free-trade agreement signed by the European Union and Latvia on July 18, 1994 will take effect at the beginning of next year. It will remove all tariffs and quotas on Latvian goods imported into the EU, with the exception of such "sensitive" items as steel and textiles, while allowing the Latvians to maintain various tariffs for a four-year transition period.

Trade figures talk

These agreements are already beginning to have a demonstrable effect. The EU countries now account for over 31 percent of Latvia's exports — up from virtually nil in 1991 and 25 percent as of the end of 1993 — and for a whopping 40 percent of its imports. Meanwhile,

Latvia's total exports were up 44 percent in 1993 over 1992 (on a dollar basis). An increase of 41 percent in bilateral trade has made Germany Latvia's second most important trading partner. With the accession of Finland and Sweden, two other key trading partners, the EU share of Latvia's trade could easily rise to 50 percent by 1995.

While quickly progressing on the EU front, the Latvians have been busy joining and founding other European organizations — as the events of May 13 show. On that day, Latvia became an associate member of the Western European Union, while also chairing the fourth session of the Baltic Assembly, designed to be the local counterpart of the European Parliament. At the session, the assembly set up the Baltic Council of Ministers, which is to oversee implementation of, among other things, the Baltic Free Trade Agreement.

"I think that we've proven that we're good Europeans," says Mr. Birkavs, "and I see a growing consensus that we'll be a valuable addition to the various pan-European groupings."

T.S.



Left, free enterprise in Riga; above, an Art Nouveau building built in 1903 by Hans Bockslaff on New Street.

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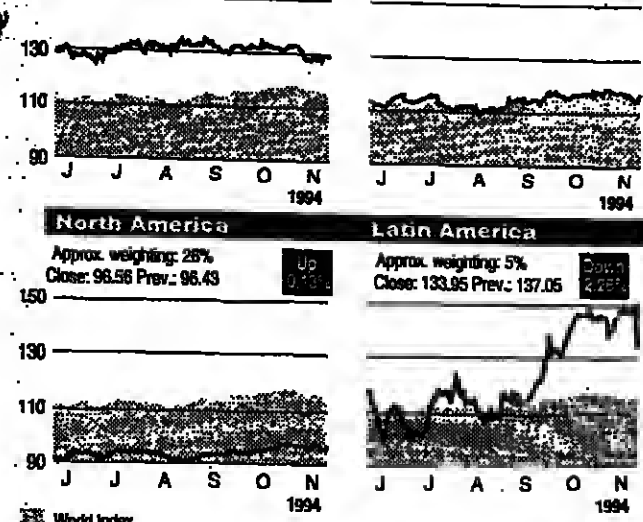
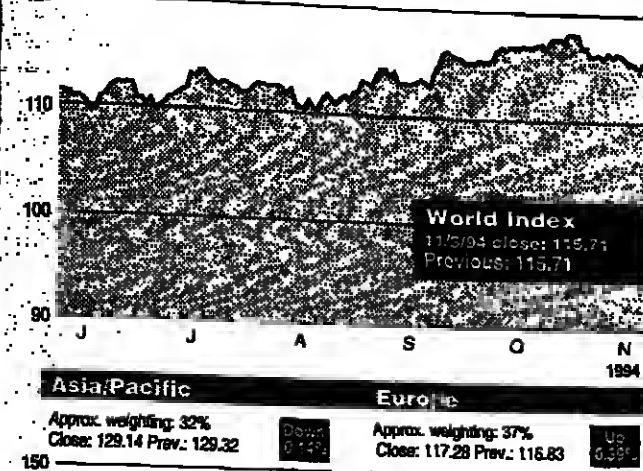
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International Herald Tribune World Stock Index C, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major markets. The index is composed of the 20 top issues in terms of market capitalization, otherwise the top 100 issues are tracked.

Industrial Sectors	The index	Prev. close	% change
Energy	116.76	116.25	+0.44
Utilities	126.48	127.55	-0.84
Finance	115.81	115.66	+0.13
Services	116.49	118.77	-0.24
Capital Goods	117.10	117.10	0.00
Raw Materials	134.39	135.09	-0.54
Consumer Goods	104.52	104.44	+0.08
Miscellaneous	124.84	124.60	+0.19

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92021 Neuilly Cedex, France.

Britain Cancels Postal Sale Plan

Compiled by Our Staff From Dispatches

LONDON — Prime Minister John Major on Thursday abandoned plans to sell Britain's Post Office, in the clearest signal that public enthusiasm for privatization is flagging after 15 years of Conservative rule.

The cabinet dropped the £450 million (£730 million) privatization after some members of Parliament from the governing Conservative Party warned Trade Secretary Michael Heseltine that they would not support the plan.

These were a 51 percent sell-off of the letters and parcels divisions, giving the Post Office greater commercial freedom in the public sector; or a plan for almost no change in its 100 percent state ownership.

"We have introduced more competition into postal services and improved these services for all consumers. We will continue to examine what more can be done," the statement said.

But the real reason for the climbdown was opposition from Conservative MPs representing rural districts. Voters worried that any sell-off would lead to widespread closures of post offices outside towns and cities.

With privatization of Britain's coal industry also failing to capture public enthusiasm, the dropping of the plan to sell the Post Office will be seen by the Labor Party as marking an end to one of the Conservatives' primary economic policies.

(Reuters, Bloomberg)

Tiny Rowland to Resign Lonrho Sees End to Controversial Era

Compiled by Our Staff From Dispatches

LONDON — Roland "Tiny" Rowland, the flamboyant and controversial British businessman, is to resign at the end of the year as joint managing director and chief executive of the multinational Lonrho PLC, the company said Thursday.

Mr. Rowland, 76, has headed the international trading company for three decades and is believed to have a salary of £1.8 million (£3 million) plus expenses.

He started out as a railway porter and was credited with single-handedly transforming the company from a sleepy mining and ranching firm in the early 1960s into a global conglomerate spanning engineering, brewing and oil.

Mr. Rowland, who in 1973 seemed to be the person that then-Prime Minister Edward Heath had in mind when he spoke of "the unacceptable face of capitalism," has been criticized by analysts for running the company as his private empire.

Mr. Rowland was known for working behind the scenes in Africa, and he drew fire two years ago when he did business with Libya in defiance of UN sanctions.

His departure had been the subject of months of speculation amid reported feuding with his rival, the German businessman Dieter Bock, who along with Mr. Rowland shared the titles of joint managing director and chief executive at Lonrho.

Terms of Mr. Rowland's resignation were agreed in a board meeting Thursday, Lonrho's first since two top Rowland allies left about a month ago, tipping the balance in Mr. Bock's favor.

At the meeting, Mr. Bock was expected to confront Mr. Rowland over his eight-year dispute with Mohamed al Fayed, the chairman of Harrods Ltd.

Mr. Rowland buried the hatchet over Harrods last year but saw the affair return to haunt him with revelations of indemnities given, without board approval, to Mr. al Fayed's former finance director over information leaked to Lonrho.

Mr. Rowland will resign his executive positions with Lonrho effective Dec. 31 but continue to serve as a director until March. He will then retire from the board but continue to receive his current salary, expenses and benefits until Dec. 31, 1995.

"In acknowledging Mr. Rowland's decision and his exceptional contribution to the company over 34 years, the board expressed the hope that he would continue to make his experience available to Lonrho, particularly in Africa," Lonrho said.

Analysts said Lonrho shares were likely to soar Friday because it was expected that the conglomerate would become more of a "normal" company under Mr. Bock.

(Reuters, Bloomberg, AFP)

Shanghai Moves To Crack Down On Speculation

Reuters

SHANGHAI — City officials have given security forces and the Communist Party broader control over all forms of stock market information under tough new rules announced Thursday.

The regulations are designed to crack down on rumors and speculation that have created considerable volatility on the stock market.

Even brokerage research is subject to new supervision under the "Rules Concerning the Management of Information on the Stock Market" published in the Shanghai Securities News.

The regulations, the first of their kind in China, were drafted by Shanghai authorities. It was not clear why these officials would have jurisdiction over market affairs, or whether the rules might be countermanded by securities regulators or finance officials in Beijing, with whom Shanghai's authorities have persistent turf battles.

In Hong Kong, which is the base for many funds trading in Chinese equities, analysts and traders reacted cautiously. There was some worry, however, that the new rules represented a collision of China's Communist Party rule with its aspirations to develop a market economy.

Although the regulations do not spell out what can and cannot be reported, they are a clear warning to the fledgling securities information industry that embraces everything from newspapers to beeper services and public discussion forums known as "salons."

"Organizations and individuals are strictly prohibited from influencing the issuing and trading of securities and creating chaos in the stock markets by spreading false information," the rules state.

The aim was to "guarantee the interests of the stock-investor masses."

Radio and television stations, news agencies, newspapers and magazines must report on securities within guidelines set out by authorities.

The authorities in question are the Shanghai offices of public security, press and publications, posts and telecommunications, radio and television, and industrial and commercial administration, as well as the local securities watchdog.

All broadcasting and publishing in China are under the direct control of Communist Party officials.

Brokers said the rules had been triggered by rumors about the health of China's senior leader, Deng Xiaoping, that sent the stock market tumbling at the beginning of last month and embarrassed Communist authorities.

There are 10 million stock market trading accounts in China, and Beijing fears a vast and growing "stock population" could become a source of social instability.

Some Shanghai brokers welcomed the rules, saying they may help curb speculation that has enriched a few big market players at the expense of small investors.

On Thursday the A share index of domestically traded stocks surged 53.11 points to close at 735.57 points. The B index for hard-currency overseas investment closed down 0.12 points at 78.25.

"This is a move to standardize the market, and the response has been good," said Zhang Lu, a broker with Shanghai International Securities. "Rumors have disturbed the market, and investors have lost money as a result."

Thinking Ahead / Commentary

Debunking Myths of Modern Asia

By Reginald Dale

International Herald Tribune

WASHINGTON — Amid all the hype about Asia, it's as well to keep a sense of proportion — particularly with President Bill Clinton about to head that in a cloud of extravagant expectations. As Mr. Clinton prepares for the Asia-Pacific Economic Cooperation summit meeting in Indonesia this month, there is a danger that the rhetoric will outrun the reality.

So it's refreshing to find some so-called myths of modern-day Asia coming under fire, including such basic assumptions as that there is a desirable Asian model of economic development, or that a natural community of interests exists among the countries of the Pacific Rim.

Writing in the latest issue of Foreign Affairs magazine, Paul Krugman of Stanford University questions not only whether the Asians have developed a superior economic system but whether there has been an Asian miracle at all.

Mr. Krugman argues that the apparent dynamism of many Asian economies is largely due to the same economic techniques that created the Soviet Union's much-misinterpreted boom in the 1950s.

Although the parallel might seem far-fetched, Mr. Krugman says, the results of recent research into Pacific Rim economic growth give the few people who recall the great debate over Soviet growth a strong sense of déjà vu.

Mr. Krugman is not being quite as

original as he thinks. Others have trodden this path before — even to the extent of comparing some Asian economies with the Soviet Union in its heyday. It is now widely acknowledged that the apparently mighty engine of Soviet growth that impressed and frightened so many in the West in the 1950s and early 1960s was fueled by a massive input of resources into the economy.

But little or nothing was done to improve efficiency. And without increases in efficiency, through greater knowledge and technological progress, such growth cannot be sustained.

The same, says Mr. Krugman, applies to many of the smaller Asian countries. "Asian growth, like that of the Soviet Union in its high-growth era, seems to be driven by extraordinary growth in inputs like labor and capital rather than by gains in efficiency," he writes.

That means that, like the Soviet Union's, the growth of most of Asia's star economies is bound to decline — as Japan's is already doing.

What's more, as Japan's growth was different from that of the so-called Tiger economies, and much more technologically efficient, there is no "Asian system" that might act as a model for others.

As usual, Mr. Krugman overstates his case. He skates over China and ignores the fact that, unlike the Soviet Union, the Tigers won their economic spurs by competing in the world market. But he has a good debating point.

So do Robert A. Manning and Paula Stern of the Progressive Policy Institute,

who question the substance behind the so-called Pacific Community proclaimed by Mr. Clinton at the APEC summit last year in Seattle.

The region is riddled with so many economic, political and psychological differences that the concept "may prove to be a chimera," they write in the same magazine. Trade and a Pacific coastline do not necessarily make for a sense of community — or, as the Carnegie Endowment report put it, the Pacific might "remain more of a rim than a community."

High-handed Clinton administration policies toward individual Asian countries have "galvanized Asian contrariness," say Mr. Manning and Ms. Stern, and many Asians suspect a hidden agenda behind U.S. support for a Pacific free-trade area.

Furthermore, they add, the notion that Asia's dynamism is drawn largely through the Pacific to the United States — the notion on which the idea of a Pacific community rests — is simply false. East Asian trade is roughly equally distributed among the United States, Europe and the rest of Asia, but with intra-Asian trade and investment growing markedly faster than any other.

The debunking of myths is healthy, but it should not be taken too far. None of these arguments alters the fact that Asia is currently the world's most dynamic economic area and that its views demand much greater attention. They don't invalidate the case for Asia-Pacific free trade. But you don't have to be a total skeptic to hope for a little less hype.

Philips Profit Races Ahead

Compiled by Our Staff From Dispatches

AMSTERDAM — Philips Electronics NV said Thursday its third-quarter profit almost quadrupled to 530 million guilders (\$317 million), helped by buoyant earnings at its components and semiconductor divisions.

The increase, from 133 million guilders last year, was inflated by a 75 million guildler gain from asset sales. But it was greater than most analysts expected, and the company's stock rose 3 percent to 56.50 guilders.

"These are splendid figures," said Agatho van Hilst, an analyst at the brokerage Amsteldam NV. "They are absolutely top across the board."

Sales in the quarter rose to 14.19 billion guilders from 14.13 billion.

Philips said it did not expect profit growth to continue at the same rate it did in the first nine months, when underlying income more than tripled to 1.12 billion guilders. The company blamed the lower forecast on the weak dollar.

Dudley Eustace, the company's chief financial officer, played down the significance of that

warning. He said he wanted to "temper any possible euphoria that may escape realism."

Mr. Eustace said the rise in third-quarter profit reflected growth in markets outside Europe, particularly in Asia, Brazil and the United States.

Sales in Europe were flat, he said, with Grundig AG, Philips' German consumer-electronics unit, continuing to post losses. Grundig's results were fully consolidated in Philips' earnings.

The company said it would not pay an interim dividend. It last declared one in 1989.

For its first nine months, Philips recorded major improvements in components and semiconductor sales. Operating profit in that division rose 68 percent to 1.18 billion guilders.

Its consumer-electronics unit swung to an operating profit of 325 million guilders for the first nine months, reversing a loss of 206 million guilders a year ago. The turnaround was achieved despite a 3 percent decline in prices in the third quarter.

(Bloomberg, Knight-Ridder)

Japan Factories Lead the Pack

Agence France Press

LONDON — The Japanese manufacturing industry is the most competitive in the world, a study by a leading management consultancy showed Thursday.

"Japan's productivity is about 35 percent higher than Europe, while U.S. productivity is about 15 percent of Europe," a study by Andersen Consulting said.

"Japanese plants increased their productivity by 38 percent between 1992 and 1994, despite a 16 percent fall in volumes due to the recession in Japan," the study said.

CURRENCY & INTEREST RATES

Gross Rates									
	1	3	6	12	18	24	36	48	60
London	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Frankfurt	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Paris	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Madrid	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
New York	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other Dollar Values									
Canada	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Japan	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Switzerland	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other Euro Values									
Germany	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
France	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Italy	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Spain	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other Interest Rates									
3-month T-bill	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month T-bill	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year T-bill	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month Eurobond	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month Eurobond	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year Eurobond	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

USD/DEM 3.5 pips DEM/JPY 2.3 pips

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MARKET DIARY

Shares Rise Slightly
Despite Rate Fears

Compiled by Our Staff From Dispatches
NEW YORK — U.S. stocks rose Thursday as auto and retail stocks gained, overcoming losses caused by persistent concern over higher interest rates.

But volume was limited, with investors apparently hesitant to make major moves ahead of the

U.S. Stocks

October employment report due for release Friday.

"We're being living with this type of market for six months," said John Brooks, director of sales and marketing at Nottley Group. "People are a lot more nervous than they are saying they are."

The Dow Jones industrial average rose 8.75 points to 3,845.85, adding most of its gain in the last 10 minutes of trading.

Stocks were little changed for most of the day as bond prices dropped amid reports of strong housing and auto sales. The reports prompted concern among bond investors that inflation will accelerate.

The yield on the benchmark 30-year government bond,

which moves in the opposite direction to its price, ended at 6.10 percent, up from 5.99 percent on Wednesday and at the highest level since April 1992.

Advancing shares roughly equaled declines on the Big Board, where volume slipped to 284.4 million shares from 331.39 million Wednesday.

Shares of auto companies rebounded from recent weakness after General Motors said it sold 1.3 percent more cars last month than it did a year earlier. Shares of GM rose 1/2 to 39 1/2, Chrysler climbed 1/4 to 48, and Ford moved up 1/4 to 29 1/2.

Shares of retailers gained as many companies reported sales for October. Dayton Hudson surged 3/4 to 8 1/2, Best Buy soared 3/4 to 42, Ann Taylor jumped 1 1/4 to 44 1/2, Limited rose 1/4 to 20 1/2, Gap added 2 1/2 to 36 1/2, and Sears Roebuck slipped 1/4 to 49 1/2.

Bank stocks gained as investors bet that the demand for capital would continue to grow as the economy rebounds. Bank America jumped 1 1/4 to 43 1/2, Bankers Trust New York was up 1/4 to 64 1/2, and NationsBank rose 1/4 to 49 1/2.

Bank of America jumped 1 1/4 to 43 1/2, Bankers Trust New York was up 1/4 to 64 1/2, and NationsBank rose 1/4 to 49 1/2.

DOLLAR: Fed Intervenes Again

Continued From Page 1

to do so as the yen and the mark continued rising through the summer and autumn.

"When the dollar has been weak on its own this year, intervention has been necessary," said Lisa Kaess of Geoffrey Bell & Co. "It's no coincidence that Washington is intervening when the dollar is weak and Treasury bonds are at a two-

Foreign Exchange

and-one-half-year low. Somebody there is interested in a stronger dollar."

No member of the Clinton administration would want to be embarrassed by the Fed's going forward to ride to the rescue of a collapsing dollar as voters go to the polls on Tuesday, and as President Bill Clinton flies to a meeting with Asian trade partners in Indonesia. Mr. Clinton is set to meet with Latin American countries in Miami the week after.

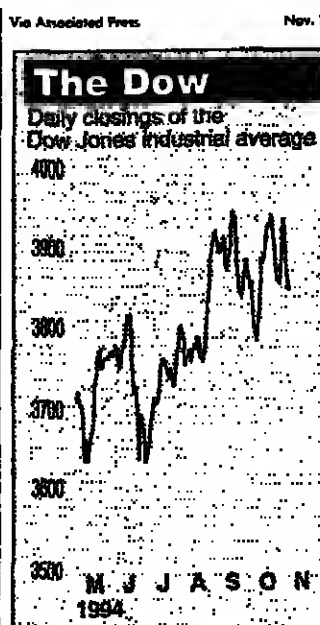
The Treasury also has to sell \$29 billion of three- and ten-year notes next week in a regular refinancing of its debt, and Treasury Secretary Lloyd Bentsen, "is going to have to convince someone to buy them."

said Carl Weinberg of High Frequency Economics.

But both U.S. and foreign buyers of American bonds have been sitting on their money for months, waiting for the Federal Reserve to come to the end of its program of raising interest rates as protection against inflation in a strengthening economy. As rates go up, bond prices go down — so why buy now when bonds may be cheaper tomorrow?

There was some speculation on Wall Street that the Fed might raise rates Friday if October employment figures are stronger than the expected growth of about 250,000 new jobs. That would represent a preemptive strike by the Fed instead of waiting to add another half a percentage point to the federal funds rate, now at 4.75 percent, at its Nov. 15 meeting.

But that would entail political risks for the central bank in an election season and might not satisfy Wall Street anyway. On the contrary, said Robert Brusca of Nikko Securities, the weakened bond market and the continued necessity to prop up the dollar mean that the Fed may have to tighten more than half a percentage point because markets want stronger action.



NYSE Most Active

Vol.	High	Low	Last	Chg.
General	2714	2694	2714	+20
IBM	3077	3057	3077	+20
Microsoft	3077	3057	3077	+20
Oracle	2449	2429	2449	+20
Chrysler	2201	2181	2201	+20
IBM	2182	2162	2182	+20
Microsoft	2182	2162	2182	+20
Oracle	2182	2162	2182	+20
Chrysler	2182	2162	2182	+20
IBM	2182	2162	2182	+20
Microsoft	2182	2162	2182	+20
Oracle	2182	2162	2182	+20
Chrysler	2182	2162	2182	+20

NASDAQ Most Active

Vol.	High	Low	Last	Chg.
Microsoft	2714	2694	2714	+20
IBM	3077	3057	3077	+20
Oracle	2449	2429	2449	+20
Chrysler	2201	2181	2201	+20
IBM	2182	2162	2182	+20
Microsoft	2182	2162	2182	+20
Oracle	2182	2162	2182	+20
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IBM	2182	2162	2182	+20
Microsoft	2182	2162	2182	+20
Oracle	2182	2162	2182	+20
Chrysler	2182	2162	2182	+20

AMEX Most Active

Vol.	High	Low	Last	Chg.
Microsoft	2714	2694	2714	+20
IBM	3077	3057	3077	+20
Oracle	2449	2429	2449	+20
Chrysler	2201	2181	2201	+20
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Oracle	2182	2162	2182	+20
Chrysler	2182	2162	2182	+20

Market Sales

NYSE	AMEX	NASDAQ
284.4	28.1	200.2
331.4	28.1	200.2

Dow Jones Averages

Open	High	Low	Last	Chg.
Indus	3845.85	3825.42	3845.85	+8.75
Comp	176.25	174.25	176.25	+2.00
Corp	1291.31	1284.55	1291.31	+2.30

Standard & Poor's Indexes

High	Low	Close	Chg.
Industrials	554.75	554.75	+1.00
Utilities	121.75	121.75	+0.25
Finance	42.00	42.00	+0.25
SP 500	426.00	426.00	+1.25

NYSE Indexes

High	Low	Last	Chg.
Composite	254.97	254.97	+0.48
Industrials	232.12	232.12	+0.39
Finance	204.85	204.85	+0.31

NASDAQ Indexes

High	Low	Last	Chg.
Composite	771.81	771.81	+0.31
Industrials	724.78	724.78	+1.26
Finance	697.45	697.45	+1.00

Dow Jones Bond Averages

Close	Chg.
20 Bonds	84.23
10 Utilities	84.23
10 Industrials	91.79

AMEX Stock Index

High	Low	Last	Chg.
Composite	454.34	454.34	+0.39

NYSE Diary

Advanced	Declined	Unchanged
1097	945	10
1097	945	10

AMEX Diary

Advanced	Declined	Unchanged
1097	945	10
1097	945	10

NASDAQ Diary

Advanced	Declined	Unchanged
1097	945	10
1097	945	10

Spot Commodities

Commodity	Today	Prev.
Aluminum	0.945	0.951
Steel	21.00	21.00
Crude oil	22.00	22.00
Gold	426.00	426.00
Silver	5.50	5.50
Copper	0.570	0.570

EUROPEAN FUTURES

Open	High	Low	Last	Chg.
Indus	3845.85	3825.42	3845.85	+8.75
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Spot Commodities

Commodity	Today	Prev.
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Crude oil	22.00	22.00
Gold	426.00	426.00
Silver	5.50	5.50
Copper	0.570	0.570

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Gold	426.00	426.00
Silver	5.50	5.50
Copper	0.570	0.570

U.S./AT THE CLOSE

Home Sales Rise, Retail Sales Fall

WASHINGTON (Combined Dispatches) — Sales of new homes rose modestly in September, the Commerce Department said Thursday. It was the third consecutive monthly increase despite steadily rising mortgage rates.

Sales of single-family homes increased 2.6 percent to a seasonally adjusted annual rate of 703,000, well above forecasts of a rate of 680,000. The department revised its August data downward, to an annual increase of 7.9 percent from 9.7 percent. Some economists said they expected the Federal Reserve Board would raise interest rates at its meeting Nov. 15.

Separately, major U.S. retailers said their results for October were lower than expected. But analysts said the outlook for the Christmas season remained good. The Salomon Brothers retail index rose 3.8 percent. In October 1993, the index rose 4.7 percent. (Reuters, Bloomberg, AP)

U.S. and China Trade Swipes

WASHINGTON (Reuters) — A U.S. official said Thursday it would take a "pretty big" miracle for China to win quick entry into the world trading system, escalating a war of words between the economic giants.

But China said it was in the U.S. interest to make Beijing a founding member of the World Trade Organization, as officials made clear they were losing patience with the persistent U.S. demands for concessions.

The main stumbling block is U.S. insistence that China reform its economic system by granting foreign goods better market access, cracking down on trade piracy or assuring overseas companies the same treatment as local firms.

Marvel Adds to Comic Book Empire

NEW YORK (Bloomberg) — Marvel Entertainment Group Inc. said Thursday it bought Malibu Comics Entertainment Inc. Terms were not disclosed.

Malibu licenses characters from the "Star Trek" television series and the popular "Mortal Kombat" video game. It also publishes its own line of UltraVerse super-heroes.

Marvel, with revenue last year of \$415.2 million, controls about 35 percent of the comic book industry. Malibu controls about 15 percent of the market and has annual revenue of about \$15 million, according to an estimate from Lauren Fine, an analyst with Merrill Lynch & Co.

New Bid for Borden Expected Soon

COLUMBUS, Ohio (AP) — Paul Kazarian's investment firm plans to present a competing bid for Borden Inc., a food company, in the next few weeks, a spokesman said.

Borden has already accepted a \$2 billion offer from Kohlberg, Kravis, Roberts & Co., a New York investment firm with a major holding in RJR Nabisco, a tobacco and food conglomerate. But a Borden spokesman said the company remained open to a competing bid.

Apple Unveils New Power Macintosh

CUPERTINO, California (AP) — Apple Computer Inc. on Thursday introduced a faster Power Macintosh computer intended for people who work with large amounts of visual data. Apple said the Power Macintosh 8100, powered by a 110-megahertz PowerPC microprocessor, is its fastest computer.

The new machine is the latest in the Power Macintosh line that Apple launched in March. The computers are based on the PowerPC chip developed by an alliance of Apple, International Business Machines Corp. and Motorola Inc.

For the Record

Turner Broadcasting System Inc. said it had recorded a loss of \$5 million in the third quarter, citing the costs of retiring debt and fallout from the major-league baseball strike. (AP)

United HealthCare Corp. reported a 47 percent increase in third-quarter profit on Thursday, to \$80.8 million, because of strong enrollment growth and cost cutting. (AP)

Merck & Co. said it had agreed to sell Calgon Vestal Laboratories, which makes skin care and infection control products, to Bristol-Myers Squibb Co. for \$261.5 million. (AP)

Commerciale Posts a Rally On Bid Plan

Compiled by Our Staff From Dispatches

MILAN — Shares in Banca Commerciale Italiana SpA rallied 3 percent Thursday as investors cheered the bank's takeover bid for Banco Ambrosiano Veneto SpA.

Banca Commerciale's shares jumped to 3,565 lire (\$2.32) from 3,460 after it offered 7,000 lire a share for a 50.1 percent stake in Banco Ambrosiano.

Analysts said the bid — the second major bank takeover attempted in the past week — was shrewdly priced and stood a good chance of success.

Banca Commerciale's offer was well above the 5,295 lire that Banco Ambrosiano's shares finished at Thursday. That was down from Wednesday's price of 5,380. Banca Commerciale's bid is valued at 1.74 trillion lire.

The bid is being pitched in two phases, with the offer first going to Ambrosiano's controlling shareholder syndicate and then to ordinary shareholders if the controlling shareholders approve of the bid.

Banca Commerciale said it wanted the core shareholders, which control about 68 percent of Ambrosiano, to sell as much as 29 percent, although it said it would settle for 15 percent.

Banca Commerciale said at least one core shareholder had decided to sell, which could give it the 15 percent it seeks in order to continue.

Analysts said Banca Commerciale seemed to have more chance of success than Credito Italiano SpA had in its bid for control of Credito Romagnolo SpA, which appeared stalled.

Credito Italiano said a week ago it would offer 19,000 lire a share for 48 percent of Romagnolo, aiming to take control for about 2 trillion lire.

Romagnolo branded the offer hostile and swallowed a poison pill with a plan to merge with Cassa di Risparmio di Bologna, a local savings institute. (Reuters, Bloomberg, AP)

Banesto Loss Narrows

Banco Español de Crédito SA posted a loss of 16.27 billion pesetas (\$130 million) in the first nine months of the year, AFP-Exel News reported from Madrid.

The result was an improvement from the loss of 21.83 billion pesetas that the bank, known as Banesto, posted in the first half of the year, according to AEB, the Spanish banking association. Year-earlier figures were not provided.

Transparency — Too Revealing?

Swiss Firms Drag Heels

Bloomberg Business News

ZURICH — The government is trying to compel companies to give investors more information, but many have been slow to comply.

The Swiss Parliament is expected to pass at the end of the year a law requiring listed companies to report half-year earnings. But the changes will not apply in some industries until 1997, experts said.

Meanwhile, large discrepancies in how companies deal with calls for greater disclosure persist. Switzerland is a country where investors rarely voice disapproval. For the most part, investors and analysts have allowed companies to get away with providing little information, analysts said.

"There are still huge differences, and a lot of companies just don't think about investors," said Hans Kaufmann, head of Swiss research at Bank Julius Baer. "We have seen some progress, but half-year figures on a mandatory basis will only happen in 1996 and 1997."

Some of Switzerland's largest companies, including Roche Holding AG, broke the ice this year, releasing their first half-year net profit. Others delayed releases, such as Société Suisse Microélectronique & d'Horlogerie SA, the world's largest watchmaker.

Mr. Kaufmann said he expected the introduction of compulsory reports on the first half of the financial year would be staggered. Banks should report next year, industrial companies in 1996 and insurers the following year.

He said the insurance sector needed "the biggest kick." This year Zurich Insurance AG, one of Europe's largest insurers, felt it was enough to give a gross premium income figure and a forecast for a "good" full-year result.

"On my general experience, a 'good' result means a profit increase of between 10 percent and 15 percent," said Thomas Kalbermatter, an analyst at Union Bank of Switzerland.

Swiss investors also must learn to be more vocal, experts said. The current battle between the board of Union Bank of Switzerland and Martin Ebner, an outspoken Swiss financier and major Union Bank shareholder, shows companies can be forced to respond to pressure from major investors.

"There are only very few shareholder activists in Switzerland like Martin Ebner," said André Baladi, a Geneva-based investment adviser. "You might not agree with all his views, but the noise he makes is certainly good."

Code Puzzles Germans

Bloomberg Business News

FRANKFURT — Although leading German companies agree that a disclosure law that goes into effect on Jan. 1 is important, few have made concrete plans to conform to it, and many are uncertain how it should be interpreted.

The majority of large companies say they welcomed the publication this week by the Frankfurt Stock Exchange of a manual aimed at providing guidelines on the use and interpretation of the new law. But there is uncertainty about interpreting its often vaguely written mandates.

"We welcome the new rules because they will lead to a higher standard of transparency and they recognize what this capital market needs," said Ronald Weichert, spokesman at Deutsche Bank AG, Germany's leading bank.

But even the release of the stock exchange's 27-page manual aimed at helping companies cope with the new law left many companies grappling with its often murky provisions.

"I think it will really take some time to adapt to the new law and find out what it really means," said Rolf-Dieter Grass, a spokesman for Lufthansa AG. "There is a lot of uncertainty in the corporate community about how to interpret it."

The law banning insider trading took effect in August. Its provisions on disclosure, which require listed companies to immediately publish any news that may "substantially" influence its share price, take effect Jan. 1.

But for many in corporate Germany, the law lacks a clear definition of what constitutes "substantial" influence on a company's share price.

"How is somebody to know whether a certain piece of news is going to have a substantial effect?" asked Mr. Grass. "It's just one of the areas where we are unsure what to do."

The new law defines insider information as any piece of news about a stock that is not publicly available but could influence the share's price once it is known.

The stock exchange's manual lists the sale or acquisition of major stakes, changes in dividends or the announcement of capital measures as such news. The list also describes legal proceedings or the registration of important new patents.

As a rule of thumb, the stock exchange's manual says that any price movement of about 5 percent should be considered "substantial."

It took Germany more than five years to comply with the European Union directive that outlaws insider trading.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2200	2200	2200
2100	2100	2100
2000	2000	2000
1900	1900	1900
1800	1800	1800
1700	1700	1700
1600	1600	1600
1500	1500	1500
1400	1400	1400
1300	1300	1300
1200	1200	1200
1100	1100	1100
1000	1000	1000
900	900	900
800	800	800
700	700	700
600	600	600
500	500	500
400	400	400
300	300	300
200	200	200
100	100	100
0	0	0

Sources: Reuters, AFP

Very briefly:

- Boots Co.'s pretax profit rose 66 percent, to £289.7 million (\$473 million), in the six months to Sept. 30, helped by a one-time gain from the sale of its Farleys division.
- Britain's top economic advisers said the country was on course for 3.6 percent economic growth in 1994 and 3.0 percent growth in 1995, with inflation remaining subdued.
- Metallgesellschaft AG said its net debt fell to 1.2 billion Deutsche marks (\$1 billion) in the year to Sept. 30 from 3.6 billion DM a year earlier, helped by higher returns on investments.
- Winterthur Swiss Insurance Co. said it expected a double-digit increase in 1994 net profit and a rise of 20 percent in gross premium income, to 20 billion Swiss francs (\$16 billion).
- Dynamit Nobel AG, the explosives and plastic subsidiary of Metallgesellschaft, said cost-cutting lifted operating profit for the year ended Sept. 30 by 19 percent, to 76 million DM, despite a 2 percent drop in sales.

Reuters, Bloomberg, AP

Bank for Middle East Still Possible, U.S. Says

By Steven Greenhouse

New York Times Service

WASHINGTON — The United States is insisting that its hopes of establishing a multibillion-dollar development bank for the Middle East are not dead and that many Arab countries are open to contributing to it.

Although U.S. officials acknowledged Wednesday that several Arab countries had not committed any money to the bank, they said those countries had given a green light to the idea at a conference in Casablanca by

setting up a study group on how to structure and finance the bank.

Michael McCurry, the State Department spokesman, said the government was confident that Arab countries and Israel would eventually join the United States in financing the bank, which would seek to lend money for dams, highways and other projects to develop the Middle East, help the emerging Palestinian authority and foster cooperation between Arabs and Israel.

Elf Sells Half Its Stake in Enterprise Oil

Bloomberg Business News

LONDON — Elf Aquitaine SA said Thursday it had sold nearly half its stake in Enterprise Oil PLC as part of its bid to reduce its huge debt.

Paris-based Elf said it had sold 50.78 million shares of Enterprise Oil, which analysts said was worth about 1.6 billion French francs (\$312 million).

The sale is part of Elf's bid to raise 10 billion francs over the next two years to pay down debt that will cost an estimated 2.5 billion francs in interest this year alone.

"It makes me feel they're likely to meet their target" for debt reduction this year, which is 5 billion francs, said Catherine Arnfield, an oil analyst at J.P. Morgan Securities.

Elf, which indicated in August it would sell part of its Enterprise stake, reduced its holding in the British company to about

12.9 percent, holding onto 63.7 million shares.

The French company sold its stake to Barclays de Zoete Wedd, the British securities firm, for less than £200 million (\$326 million), said Nick Brigstock, head of the BZW's brokerage unit.

The firm, in turn, sold the shares to about 40 or 50 British investment funds and a few funds in the United States, Mr. Brigstock said.

Elf did not say how much it got for the stock or what it would do with the proceeds. Elf has already pledged about 600 million francs for a stake in Renault SA, the French car and truck manufacturer.

Jonathan Wright, an oil analyst with Merrill Lynch in London, said Elf got 369 pence a share for its Enterprise stock. That would make the transaction worth £187.38 million.

"This isn't a surprise," said Jonathan Wright, an oil analyst with Merrill Lynch in London. "This was one of the assets we were looking for them to sell."

So far, Elf has sold part of its stake in a Congo oil field to Chevron Corp. of the United States, as well as its 2 percent stake in Belgium's Petrofina SA and shares in the French construction company Technip SA.

Rhône-Poulenc Returns to Profit

Rhône-Poulenc SA said improving economies in Europe helped it climb to profit in the third quarter, Bloomberg Business News reported from Paris.

The French chemical company posted third-quarter net profit of 807 million francs, reversing a loss of 299 million francs in the third quarter of 1993. Sales rose 7.5 percent, to 20.99 billion francs.

KLM Net Soars 74% as Ties With Northwest Strengthen

Compiled by Our Staff From Dispatches

AMSTERDAM — KLM Royal Dutch Airlines said Thursday its net profit jumped 74 percent in its second quarter, helped by an intensification of its cooperation with Northwest Airlines.

The partly state-owned airline said the improvement was also due to a drive to improve productivity, as well as cost-cutting and improvements in key markets.

Net profit in the quarter ended Sept. 30 rose to 354 million guilders (\$211 million) from 204 million guilders a year earlier. Revenue rose to 255 billion guilders from 240 billion guilders.

The carrier said it saw further profit growth but at a slower rate than in the first six months of its current year, which ends March 31, 1995.

(Reuters, Bloomberg)

NASDAQ

Thursday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value, it is updated twice a year.

72Month High Low Stock Div Yld PE 52 High Low Latest Chg

12Month High Low Stock Div Yld PE 52 High Low Latest Chg

24Month High Low Stock Div Yld PE 52 High Low Latest Chg

36Month High Low Stock Div Yld PE 52 High Low Latest Chg

48Month High Low Stock Div Yld PE 52 High Low Latest Chg

60Month High Low Stock Div Yld PE 52 High Low Latest Chg

72Month High Low Stock Div Yld PE 52 High Low Latest Chg

84Month High Low Stock Div Yld PE 52 High Low Latest Chg

96Month High Low Stock Div Yld PE 52 High Low Latest Chg

108Month High Low Stock Div Yld PE 52 High Low Latest Chg

120Month High Low Stock Div Yld PE 52 High Low Latest Chg

132Month High Low Stock Div Yld PE 52 High Low Latest Chg

144Month High Low Stock Div Yld PE 52 High Low Latest Chg

156Month High Low Stock Div Yld PE 52 High Low Latest Chg

168Month High Low Stock Div Yld PE 52 High Low Latest Chg

180Month High Low Stock Div Yld PE 52 High Low Latest Chg

192Month High Low Stock Div Yld PE 52 High Low Latest Chg

204Month High Low Stock Div Yld PE 52 High Low Latest Chg

216Month High Low Stock Div Yld PE 52 High Low Latest Chg

228Month High Low Stock Div Yld PE 52 High Low Latest Chg

240Month High Low Stock Div Yld PE 52 High Low Latest Chg

252Month High Low Stock Div Yld PE 52 High Low Latest Chg

264Month High Low Stock Div Yld PE 52 High Low Latest Chg

276Month High Low Stock Div Yld PE 52 High Low Latest Chg

288Month High Low Stock Div Yld PE 52 High Low Latest Chg

300Month High Low Stock Div Yld PE 52 High Low Latest Chg

312Month High Low Stock Div Yld PE 52 High Low Latest Chg

324Month High Low Stock Div Yld PE 52 High Low Latest Chg

336Month High Low Stock Div Yld PE 52 High Low Latest Chg

348Month High Low Stock Div Yld PE 52 High Low Latest Chg

360Month High Low Stock Div Yld PE 52 High Low Latest Chg

372Month High Low Stock Div Yld PE 52 High Low Latest Chg

384Month High Low Stock Div Yld PE 52 High Low Latest Chg

396Month High Low Stock Div Yld PE 52 High Low Latest Chg

408Month High Low Stock Div Yld PE 52 High Low Latest Chg

420Month High Low Stock Div Yld PE 52 High Low Latest Chg

432Month High Low Stock Div Yld PE 52 High Low Latest Chg

444Month High Low Stock Div Yld PE 52 High Low Latest Chg

456Month High Low Stock Div Yld PE 52 High Low Latest Chg

468Month High Low Stock Div Yld PE 52 High Low Latest Chg

480Month High Low Stock Div Yld PE 52 High Low Latest Chg

492Month High Low Stock Div Yld PE 52 High Low Latest Chg

504Month High Low Stock Div Yld PE 52 High Low Latest Chg

516Month High Low Stock Div Yld PE 52 High Low Latest Chg

528Month High Low Stock Div Yld PE 52 High Low Latest Chg

540Month High Low Stock Div Yld PE 52 High Low Latest Chg

552Month High Low Stock Div Yld PE 52 High Low Latest Chg

564Month High Low Stock Div Yld PE 52 High Low Latest Chg

576Month High Low Stock Div Yld PE 52 High Low Latest Chg

588Month High Low Stock Div Yld PE 52 High Low Latest Chg

600Month High Low Stock Div Yld PE 52 High Low Latest Chg

55.1 من الاصل

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صبرنا من الامل

Brierley Buys Stake in Owner Of NZ Herald

Compiled by Our Staff From Dispatches

WELLINGTON — Brierley Investments Ltd. emerged with more than 26 percent of Wilson & Horton Ltd. on Thursday after a surprise 24-hour buying spree and said it wanted to raise that stake to about 30 percent. Brierley's buying spree started Wednesday and followed through to Thursday, with the company amassing 25.6 million shares at 9.50 New Zealand dollars (\$5.85) each, for a total of 243 million dollars. Brierley bought about 19 million Wilson & Horton shares from institutions Wednesday night and announced before the market opened Thursday it would buy 5 million more. After the market opened, Brierley scooped up the 5 million shares in the market and said it had decided to buy a further 5 million shares. Brierley's offer for those shares, at 9.50 dollars each, will remain open until the close of trading Monday. Wilson & Horton's shares were trading at 8.25 before the raid and closed at Brierley's offer price of 9.50 Thursday.

Wilson & Horton publishes the Auckland-based New Zealand Herald, the country's largest-circulation newspaper, as well as regional newspapers and magazines. The Herald, popularly known in New Zealand as "Granny" because of its staid but reliable reputation, has a circulation of around 270,000. Wilson & Horton's directors said they had been given no warning of Brierley's interest. The company said it was pointing out to shareholders who may be tempted to sell that Wilson & Horton last week posted an 11 percent rise in profit, to 21.4 million dollars, on sales of 193 million dollars for the six months ended Sept. 30. "It is for shareholders to assess the true value of their shares," the company said. "However, the directors remind shareholders that earlier this year the shares were traded at a price of 11.10 dollars." Until the end of 1988, Brierley owned New Zealand News, which then held about a third of the country's newspaper market. (Bloomberg, Reuters, AFP)

Keating Says New Zealand Caused Airline Plan to Fail

Reuters

CANBERRA — Prime Minister Paul Keating said Thursday that New Zealand's insistence on keeping a national flag carrier had caused Australia's decision last week to drop plans for a single aviation market. "What's happened on Australian terms is, for us, it's been all give, give, give, and New Zealand's been all take," Mr. Keating said in a radio interview. "Basically, the view from New Zealand is yes, they want a single aviation market for passengers, but not a single aviation market for airlines," Mr. Keating said. "In other words, they want to keep a national flag carrier."

Last week, Australia decided to block Air New Zealand Ltd.'s access to Australian domestic routes, saying New Zealand had not complied with a 1992 agreement to create a single market. Prime Minister Jim Bolger of New Zealand has said Australia's "misunderstandings" need to be cleared up. Government sources said Australia wanted a rationalization of the region's three airlines. But analysts said the government's main motive was to protect next year's float of its 75 percent stake in Qantas Airways Ltd., against which Air New Zealand would have competed on Australian routes.

Changing Forex Policy Malaysia Relaxes Rules for Exporters

Agence France-Press

KUALA LUMPUR — In a move to liberalize its foreign exchange control rules, Malaysia's central bank has selected five Malaysian and two foreign-owned banks to operate foreign currency accounts for exporters. Ahmad Mohamad Don, governor of Bank Negara, said Thursday. Beginning in December, exporters will be allowed to keep an overnight balance of \$5 million of their revenue in foreign currency with the banks, the central bank chief said. The Malaysian banks selected were Malaysian Banking Bhd., Bank Bumiputra Malaysia Bhd., Public Bank Bhd., Bank of Commerce Bhd. and Development & Commercial Bank Bhd. Hongkong Bank Malaysia Bhd., a unit of HSBC Holdings PLC, and OCBC Bank Bhd., a unit of Oversea-Chinese Banking Corp. of Singapore, were the two foreign banks chosen.

The seven banks, Malaysia's largest, will make up the top tier of a two-tier banking system. Top-tier banks will be allowed to conduct their operations under a "more liberal regulatory environment," Mr. Ahmad said. He called the move a significant step in liberalizing the financial system and added that it was not the first and "neither would it be the last."

Together, the seven banks account for 54 percent of the bank branches in Malaysia, 60 percent of total deposits and 58 percent of total loans.

Mr. Ahmad said the first-tier banks had met "stringent requirements" in several areas of operations, including capital adequacy, asset quality, management efficiency, earnings performance and liquidity.

The two-tier system will be extended to merchant banks and finance companies later, he added.

Manila Reverts to Foreign-Loan Curbs

Reuters

MANILA — The Philippine Central Bank has rolled back an important element of its foreign exchange liberalization program to try to stem the peso's rise.

Gabriel Singson, the bank's governor, said late Wednesday that the government would reimpose limits on how borrowers could use foreign loans. Foreign loans, he said, will now be permitted only to finance imports or to repay other foreign loans.

In other cases, companies will have to look to the domestic market for loans. Domestic loans in the Philippines are generally more expensive than foreign ones.

The action followed complaints from Filipino exporters that the rising peso had eroded their foreign-currency earnings. The peso has risen to about 4.86 U.S. cents from 3.84 cents at the beginning of October. A rising peso makes exports from the Philippines more expensive and reduces the value of foreign currencies brought into the country by exporters and others.

Central bank officials said no date had been set for the reimposition of the restrictions. One official said the measure was also meant to encourage the development of domestic capital markets and hold down foreign debt.

Foreign exchange dealers were skeptical of the measure, saying it would have minimal effect.

Restrictions on the use of foreign loans were among the first to be lifted when the Philippines began to slowly liberalize foreign exchange in 1990.

Rise in Trading Expected for Korea

Reuters

SEOUL — Relaxation of South Korea's foreign-exchange rules and introduction of a new settlement system will help internationalize the heavily controlled market, officials and dealers said Thursday.

On Tuesday, South Korea implemented a package of reforms to streamline foreign-exchange dealings.

"Despite some problems hindering the implementation of the programs, trade volume will rise and trading practices will improve," Kim Soo Kon, a foreign-exchange dealer at Korea First Bank, said.

South Korea's currency, the won, will now be allowed to fluctuate in a 1.5 percent band, widened from 1 percent.

The reforms also improve settlement procedures for spot currency trades, ease documentation requirements for forward and futures trading, and relax controls on futures and options trades.

The Finance Ministry said the easing of option trading would give domestic companies opportunities to learn high-level financial techniques. Option sales had been prohibited to prevent irregular fund-raising.

Mr. Kim of Korea First said, "Trading will be much more active, with more speculative trading being encouraged as a result."

Dealers said the reforms would pave the way for 24-hour-a-day trading when the won is fully internationalized.

Investors Snap Up Issue From News Corp.

Compiled by Our Staff From Dispatches

SYDNEY — Rupert Murdoch won a small victory Thursday after a controversial issue of new shares aimed at building up News Corp., his global media group, won strong backing from investors.

The issue, designed to raise as much as 5.4 billion Australian dollars (\$4 billion) for acquisitions, appeared to have paid off when the stock closed just 12 percent below the price of ordinary shares.

Investors, fearing the new shares could trade at a 20 percent discount, drove the company's stock down to a 14-month low after the issue was announced in late September.

News Corp. issued one bonus preference share for every two ordinary shares. The preference shares closed at their high for the day, 5.14 dollars. The ordinary shares closed at 5.85.

The company aimed to create a market for the preference shares with the first issue. Once that market is established, it might issue more shares.

But the new shares, which offer less voting power than ordinary shares, were heavily traded — more than 7 million shares, valued at 36 million dollars, changed hands.

Several brokers said the new stock could soon sell for as much as the ordinary shares. That would give Mr. Murdoch the market he needs to issue more of the shares to raise funds and expand News Corp.

By issuing these limited voting shares, Mr. Murdoch can raise cash without diluting the 32.4 percent stake in News Corp. held through Cruden Investments Pty., the family business.

"The shares should find good buyers in the United States," Nola Hodgson of ANZ McCaughan Ltd. said.

She said American investors would not be as concerned about reduced voting rights as Australian investors and would probably find the dividend of 7.5 cents a share appealing. The ordinary stock pays an annual dividend of 3 cents a share.

(Reuters, Bloomberg)

Investor's Asia			
Index	Value	Change	%
Hong Kong Hang Seng	10,000	+100	+1.00
Shanghai Stock Index	1,000	+20	+2.00
Taipei Stock Index	2,000	+50	+2.50
Manila Stock Index	1,000	+10	+1.00
Seoul Stock Index	1,000	+10	+1.00
Tokyo Nikkei 225	10,000	+100	+1.00
London FTSE 100	10,000	+100	+1.00
New York Dow Jones	10,000	+100	+1.00
Singapore Straits Times	1,000	+20	+2.00
Bangkok Stock Index	1,000	+10	+1.00
Calcutta Stock Index	1,000	+10	+1.00
Colombo Stock Index	1,000	+10	+1.00
Delhi Stock Index	1,000	+10	+1.00
Guangzhou Stock Index	1,000	+20	+2.00
Harbin Stock Index	1,000	+10	+1.00
Shenzhen Stock Index	1,000	+20	+2.00
Urumqi Stock Index	1,000	+10	+1.00
Yantai Stock Index	1,000	+10	+1.00
Zhangjiakou Stock Index	1,000	+10	+1.00

Very briefly:

- The National Stock Exchange, India's new bourse, began trading Thursday. Nearly 400 brokers traded 200 stocks on the screen-based exchange.
- Telecom Corp. of New Zealand said sales growth in its first half lifted net profit 17 percent to 293.3 million New Zealand dollars (\$181 million). Revenue rose 12 percent, to 1.37 billion dollars.
- Philippine Long Distance Telephone Co. said a rise in the peso helped push its profit down 32 percent to 1.28 billion pesos (\$52 million) in its third quarter. Its shares fell 30 pesos, to 1,420.
- Virgin Retail Ltd. and a local partner, Wheelock Pacific, will open a Virgin Megastore in Hong Kong in early 1995, with a second to follow later in the year.
- Indonesia had a record \$23.09 billion in foreign investment for the first 10 months of the year, nearly triple the 1993 total.
- SmithKline Beecham PLC signed a letter of intent with two Chinese partners to produce vaccines in Shanghai.

AFP, Bloomberg, Reuters

China Gives Firms Leeway

Bloomberg Business News

BEIJING — China has selected 100 large state companies to be partly freed from government control to try to reduce losses, the official China Daily reported Thursday.

"This is another step in China's gradual process of privatization," Ray Farris, senior economist at Crosby Securities, said.

Deputy Prime Minister Zou Jiahua said the companies would be made into legal enti-

ties independent of administrative interference. They will be allowed to streamline their work forces and be responsible for profits and losses, the newspaper said.

The move will put the companies in a better position to be privatized at good prices and with fewer job losses, analysts said.

Forty-five percent of China's state companies had losses in the first nine months of this year.

What a day. Lousy weather. A lousy stock market. A terrible meeting. A dreadful traffic jam. And then, at last, something to smile about.



Lufthansa

Welcome aboard.

NYSE

Thursday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock	Div	Yld	PE	High	Low	Latest Chg
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00

12 Month High Low Stock	Div	Yld	PE	High	Low	Latest Chg
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1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00

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1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00

12 Month High Low Stock	Div	Yld	PE	High	Low	Latest Chg
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00

12 Month High Low Stock	Div	Yld	PE	High	Low	Latest Chg
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00

12 Month High Low Stock	Div	Yld	PE	High	Low	Latest Chg
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00
1.56	1.00	3.1	12.5	1.56	1.56	0.00

Continued on Page 21

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Portugal Esc.	47,000	38	14,000
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UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

In re: **Chapter 11**
CASE NO. 92-B-40477 (BRL)
(Jointly Administered)
R. H. MACY & CO., INC.
et al.
NOTICE OF (A) SOLICITATION OF VOTES TO ACCEPT OR REJECT THE JOINT PLAN OF REORGANIZATION AND (B) HEARING TO CONSIDER CONFIRMATION OF THE JOINT PLAN OF REORGANIZATION

DEBTORS.
TO ALL CREDITORS, INDEBTUREE TRUSTEES, EQUITY SECURITY HOLDERS, AND PARTIES IN INTEREST:

NOTICE IS HEREBY GIVEN that, on October 13, 1994, the United States Bankruptcy Court for the Southern District of New York (the "Court") entered an order (the "Order") approving the Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code for the Second Amended Joint Plan of Reorganization of R. H. Macy & Co., Inc. and Certain of its Subsidiaries, dated October 21, 1994 (the "Disclosure Statement"), pursuant to section 1125 of title 11, United States Code, in respect of the Second Amended Joint Plan of Reorganization of R. H. Macy & Co., Inc. and Certain of its Subsidiaries (the "Joint Plan") jointly filed by R. H. Macy & Co., Inc. ("Macy") and certain of its direct and indirect subsidiaries collectively, the "Debtors," and Federated Department Stores, Inc. ("Federated"), as co-debtor. Pursuant to the Order, copies of the Joint Plan and Disclosure Statement have been mailed to all known creditors and equity security holders of the Debtors. Ballots for voting to accept or reject the Joint Plan have been mailed to all known creditors entitled to vote to accept or reject the Joint Plan. If you are a creditor of the Debtors and have not received a copy of the Joint Plan or Disclosure Statement, you may obtain a copy of same by telephoning Mr. Walter Cummings at The Corporate Printing Company, Inc., at (800) 888-2077 or (212) 620-5600, and, if applicable, you have not received a ballot, you may obtain a copy of same by telephoning Georgeson & Company, Inc., at (800) 223-3064.

NOTICE IS FURTHER GIVEN that all ballots cast to accept or reject the Joint Plan (other than ballots cast by holders of publicly traded debt) must be properly completed, executed, and mailed or delivered to the Court-appointed tabulation agent, at the Deloitte & Touche LLP Tabulation Center, P.O. Box 120029, Stamford, Connecticut 06912-0029 (if delivering by mail) or Stamford Harbor Park, 333 Ludlow Street, Stamford, Connecticut 06902-6982 (if delivering by courier), so that they are actually received no later than 5:00 p.m., Eastern Standard Time, on December 2, 1994 (the "Voting Deadline").

NOTICE IS FURTHER GIVEN that if you are a beneficial holder of publicly traded debt securities through a bank, brokerage firm, or agent, you will receive special instructions from the bank, brokerage firm, or agent that maintains and administers your account regarding the party in whom to return your ballot.

NOTICE IS FURTHER GIVEN that all ballots cast to accept or reject the Joint Plan by record holders of publicly traded debt securities must be properly completed, executed, and mailed or delivered to Georgeson & Company, Inc., the court-appointed tabulation agent, at P.O. Box 1006, Wall Street Station, New York, New York 10269-0224, Attn: R. H. Macy & Co., Inc. (if delivering by mail) or Wall Street Plaza, 34th Floor, New York, New York 10005, Attn: R. H. Macy & Co., Inc. (if delivering by courier), so that they are actually received by the Voting Deadline.

NOTICE IS FURTHER GIVEN that if your ballot is properly completed or actually received prior to the Voting Deadline, it will not be counted as a vote to accept or reject the Joint Plan.

NOTICE IS FURTHER GIVEN that the Court has, fixed December 8, 1994 at 10:00 a.m., Eastern Standard Time, as the date and time for the hearing to consider confirmation of the Joint Plan and related matters (the "Confirmation Hearing"). The Confirmation Hearing will be held in Room 623 of the United States Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green, New York, New York. The Confirmation Hearing may be adjourned from time to time without further notice other than an announcement made at the Confirmation Hearing or any adjourned hearing.

NOTICE IS FURTHER GIVEN that objections, if any, to the confirmation of the Joint Plan shall be in writing, and (a) shall state the name and address of the objecting party and the nature of the claim or interest of such party, (b) shall state with particularity the basis and nature of each objection to confirmation of the Joint Plan, and (c) shall be filed, together with proof of service, with the Court (with a copy to the Debtor) no later than 5:00 p.m., Eastern Standard Time, on November 21, 1994, by (i) the Court and Chambers; (ii) Weil, Gotshal & Manges, Attorneys for the Debtors, 767 Fifth Avenue, New York, New York 10153; Attn: Richard P. Krasnow, Esq. and Judy G.Z. Liu, Esq.; (iii) R. H. Macy & Co., Inc., 151 West 34th Street, New York, New York 10001, Attn: Carol H. Katz, Esq.; (iv) Jones, Day, Reavis & Pogue, Attorneys for Federated, North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114, Attn: David G. Heiman, Esq. and Richard M. Cohn, Esq.; (v) Berlack, Isaacs & Liberman, Attorneys for the Statutory Committee of Unsecured Bondholders, 120 West 45th Street, New York, New York 10036, Attn: Robert Miller, Esq.; (vi) Osterburg, Steindler, Houston & Rosen, P.C., Attorneys for the Statutory Committee of Unsecured Creditors, 230 Park Avenue, New York, New York 10169, Attn: Scott L. Hazan, Esq. and Erid N. Stuart, Esq.; and (vii) the Office of the United States Trustee, 80 Broad Street, New York, New York 10004.

NOTICE IS FURTHER GIVEN that any objections, responses, or comments to confirmation of the Joint Plan that are not timely filed and served as set forth in the foregoing paragraph shall be deemed waived.

Dated: New York, New York
October 21, 1994

BY ORDER OF THE UNITED STATES
BANKRUPTCY COURT FOR THE
SOUTHERN DISTRICT OF NEW YORK

COUNSEL

WEIL, GOTSHAL & MANGES
ATTORNEYS FOR THE DEBTORS
AND DEBTORS IN POSSESSION
767 Fifth Avenue
New York, New York 10153
RICHARD P. KRASNOW, ESQ.
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ATTORNEYS FOR FEDERATED
DEPARTMENT STORES, INC.
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
DAVID G. HEIMAN, ESQ.
RICHARD M. COHN, ESQ.

سكرا من الامل

NYSE

Thursday's Closing
 Figures include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

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12 Month High Low Chart	Drw	Y	P	FE	SE	High	Low	Lateral Ch'ge
12 Month High Low Chart	Drw	Y	P	FE	SE	High	Low	Lateral Ch'ge

[illegible][illegible][illegible]

12 Month High Low Stock	Div	Yld PE	% 100	High	Low	Latest Price
1970-1971	1.00	12.5	100	1.00	0.50	0.75
1971-1972	1.00	12.5	100	1.00	0.50	0.75
1972-1973	1.00	12.5	100	1.00	0.50	0.75
1973-1974	1.00	12.5	100	1.00	0.50	0.75
1974-1975	1.00	12.5	100	1.00	0.50	0.75
1975-1976	1.00	12.5	100	1.00	0.50	0.75
1976-1977	1.00	12.5	100	1.00	0.50	0.75
1977-1978	1.00	12.5	100	1.00	0.50	0.75
1978-1979	1.00	12.5	100	1.00	0.50	0.75
1979-1980	1.00	12.5	100	1.00	0.50	0.75
1980-1981	1.00	12.5	100	1.00	0.50	0.75
1981-1982	1.00	12.5	100	1.00	0.50	0.75
1982-1983	1.00	12.5	100	1.00	0.50	0.75
1983-1984	1.00	12.5	100	1.00	0.50	0.75
1984-1985	1.00	12.5	100	1.00	0.50	0.75
1985-1986	1.00	12.5	100	1.00	0.50	0.75
1986-1987	1.00	12.5	100	1.00	0.50	0.75
1987-1988	1.00	12.5	100	1.00	0.50	0.75
1988-1989	1.00	12.5	100	1.00	0.50	0.75
1989-1990	1.00	12.5	100	1.00	0.50	0.75
1990-1991	1.00	12.5	100	1.00	0.50	0.75
1991-1992	1.00	12.5	100	1.00	0.50	0.75
1992-1993	1.00	12.5	100	1.00	0.50	0.75
1993-1994	1.00	12.5	100	1.00	0.50	0.75
1994-1995	1.00	12.5	100	1.00	0.50	0.75
1995-1996	1.00	12.5	100	1.00	0.50	0.75
1996-1997	1.00	12.5	100	1.00	0.50	0.75
1997-1998	1.00	12.5	100	1.00	0.50	0.75
1998-1999	1.00	12.5	100	1.00	0.50	0.75
1999-2000	1.00	12.5	100	1.00	0.50	0.75
2000-2001	1.00	12.5	100	1.00	0.50	0.75
2001-2002	1.00	12.5	100	1.00	0.50	0.75
2002-2003	1.00	12.5	100	1.00	0.50	0.75
2003-2004	1.00	12.5	100	1.00	0.50	0.75
2004-2005	1.00	12.5	100	1.00	0.50	0.75
2005-2006	1.00	12.5	100	1.00	0.50	0.75
2006-2007	1.00	12.5	100	1.00	0.50	0.75
2007-2008	1.00	12.5	100	1.00	0.50	0.75
2008-2009	1.00	12.5	100	1.00	0.50	0.75
2009-2010	1.00	12.5	100	1.00	0.50	0.75
2010-2011	1.00	12.5	100	1.00	0.50	0.75
2011-2012	1.00	12.5	100	1.00	0.50	0.75
2012-2013	1.00	12.5	100	1.00	0.50	0.75
2013-2014	1.00	12.5	100	1.00	0.50	0.75
2014-2015	1.00	12.5	100	1.00	0.50	0.75
2015-2016	1.00	12.5	100	1.00	0.50	0.75
2016-2017	1.00	12.5	100	1.00	0.50	0.75
2017-2018	1.00	12.5	100	1.00	0.50	0.75
2018-2019	1.00	12.5	100	1.00	0.50	0.75
2019-2020	1.00	12.5	100	1.00	0.50	0.75

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BEL

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CHRONOGRAPH

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1. The first part of the document is a list of names and their corresponding addresses. The names are listed in a column on the left, and the addresses are listed in a column on the right. The names are: John Doe, Jane Smith, Robert Brown, Mary White, and Thomas Green. The addresses are: 123 Main St, 456 Elm St, 789 Oak St, 101 Pine St, and 202 Cedar St.

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 SA; SHREVE & CO, SAN FRANCISCO

[The page contains dense handwritten text in a cursive script, likely from a historical manuscript or ledger. The handwriting is very close together and fills most of the page area.]

1. The first part of the document is a list of names and their corresponding addresses. The names are listed in the first column, and the addresses are listed in the second column. The names are: John A. Smith, John B. Smith, John C. Smith, John D. Smith, John E. Smith, John F. Smith, John G. Smith, John H. Smith, John I. Smith, John J. Smith, John K. Smith, John L. Smith, John M. Smith, John N. Smith, John O. Smith, John P. Smith, John Q. Smith, John R. Smith, John S. Smith, John T. Smith, John U. Smith, John V. Smith, John W. Smith, John X. Smith, John Y. Smith, John Z. Smith. The addresses are: 123 Main St., 456 Main St., 789 Main St., 101 Main St., 202 Main St., 303 Main St., 404 Main St., 505 Main St., 606 Main St., 707 Main St., 808 Main St., 909 Main St., 1010 Main St., 1111 Main St., 1212 Main St., 1313 Main St., 1414 Main St., 1515 Main St., 1616 Main St., 1717 Main St., 1818 Main St., 1919 Main St., 2020 Main St., 2121 Main St., 2222 Main St., 2323 Main St., 2424 Main St., 2525 Main St., 2626 Main St., 2727 Main St., 2828 Main St., 2929 Main St., 3030 Main St., 3131 Main St., 3232 Main St., 3333 Main St., 3434 Main St., 3535 Main St., 3636 Main St., 3737 Main St., 3838 Main St., 3939 Main St., 4040 Main St., 4141 Main St., 4242 Main St., 4343 Main St., 4444 Main St., 4545 Main St., 4646 Main St., 4747 Main St., 4848 Main St., 4949 Main St., 5050 Main St., 5151 Main St., 5252 Main St., 5353 Main St., 5454 Main St., 5555 Main St., 5656 Main St., 5757 Main St., 5858 Main St., 5959 Main St., 6060 Main St., 6161 Main St., 6262 Main St., 6363 Main St., 6464 Main St., 6565 Main St., 6666 Main St., 6767 Main St., 6868 Main St., 6969 Main St., 7070 Main St., 7171 Main St., 7272 Main St., 7373 Main St., 7474 Main St., 7575 Main St., 7676 Main St., 7777 Main St., 7878 Main St., 7979 Main St., 8080 Main St., 8181 Main St., 8282 Main St., 8383 Main St., 8484 Main St., 8585 Main St., 8686 Main St., 8787 Main St., 8888 Main St., 8989 Main St., 9090 Main St., 9191 Main St., 9292 Main St., 9393 Main St., 9494 Main St., 9595 Main St., 9696 Main St., 9797 Main St., 9898 Main St., 9999 Main St.

SPORTS

Larsson Hat Trick Lifts Feyenoord After Dutch Fans Riot in Bremen

Compiled by Our Staff From Dispatches

A hat trick by Henryk Larsson raised Feyenoord Rotterdam's spirits after their trip to Werder Bremen for a European soccer Cup Winners' Cup tie on Thursday was overshadowed by Dutch fans' hooliganism.

Larsson's goals in the 21st,

Dutch penalty in the 56th minute. Beschastnykh struck back for Werder with a goal in the 60th minute but Larsson then completed his hat-trick with a penalty six minutes later. German international midfielder Mario Basler scored a consolation goal for Werder in the final minute.

In Vienna, Chelsea cashed in on a spectacular solo run by the Scottish striker John Spencer and the away-goals rule to advance after drawing 1-1 with Austria Vienna.

34th and 66th minutes helped the Dutch club clinch a 4-3 victory over Bremen and a 5-3 triumph on aggregate that put the team into the third round.

But the day was dominated by trouble when hundreds of drunken and drugged Dutch fans rioted on a German train. The police detained more than 400 and sent them back to the Netherlands.

After Bremen had lost the first leg 1-0 in Rotterdam, Russian Vladimir Beschastnykh put the German side level 1-1 on aggregate in the 12th minute. But Larsson finished coolly twice before halftime to put Feyenoord 2-1 ahead and 3-1 on aggregate.

Ruud Heus then converted a

With two defenders trailing in his wake, Spencer ran 80 meters with the ball after a Vienna shot off a corner kick, was blocked by a wall of Chelsea players. He connected in the 40th minute, after drawing the Austrian goalkeeper, Franz Wohlfahrt, out of the goal.

Arminas Narbekovas tied it in the 73d minute for Vienna. The teams had played to a scoreless draw in the first leg in London two weeks ago.

Zaragoza, the Spanish league leader, advanced with a 2-1 victory over Tauran Presov, having compiled a 6-1 aggregate.

Argentine Juan Ednardo Esneider gave Zaragoza a 1-0 lead in the fifth minute on a shot from 18 meters. Tauran tied it in the 38th minute on a goal from eight meters by Robert Kocis, but Oscar Luis Celada scored for Zaragoza in the 56th on a header from 12 meters.

In Switzerland, Grasshopper Zurich, 3-0 down to Sampdoria after the first leg, trailed 2-1 at halftime in what looked to be a hopeless cause. But the Swiss stormed 3-2 ahead with goals from Thomas Bickel and Marcel Koller in the 51st and 55th minutes to emerge with a victory and some honor, despite losing 5-3 on aggregate.

In Auxerre, France, two goals from Sahri Lamouchi carried the French club into the quarterfinals with a 2-0 victory and 4-2 aggregate triumph over Besiktas of Istanbul.

Lamouchi struck his first just before the break, slipping the ball past the German goalkeeper Raimond Aumann after a brilliant dribble across the goalmouth. His second came four minutes after the interval, when

he drove the ball through Aumann's legs.

In Budapest, Ferencvaros beat Portugal's FC Porto, 2-0, but the visitors advanced on a 6-2 aggregate.

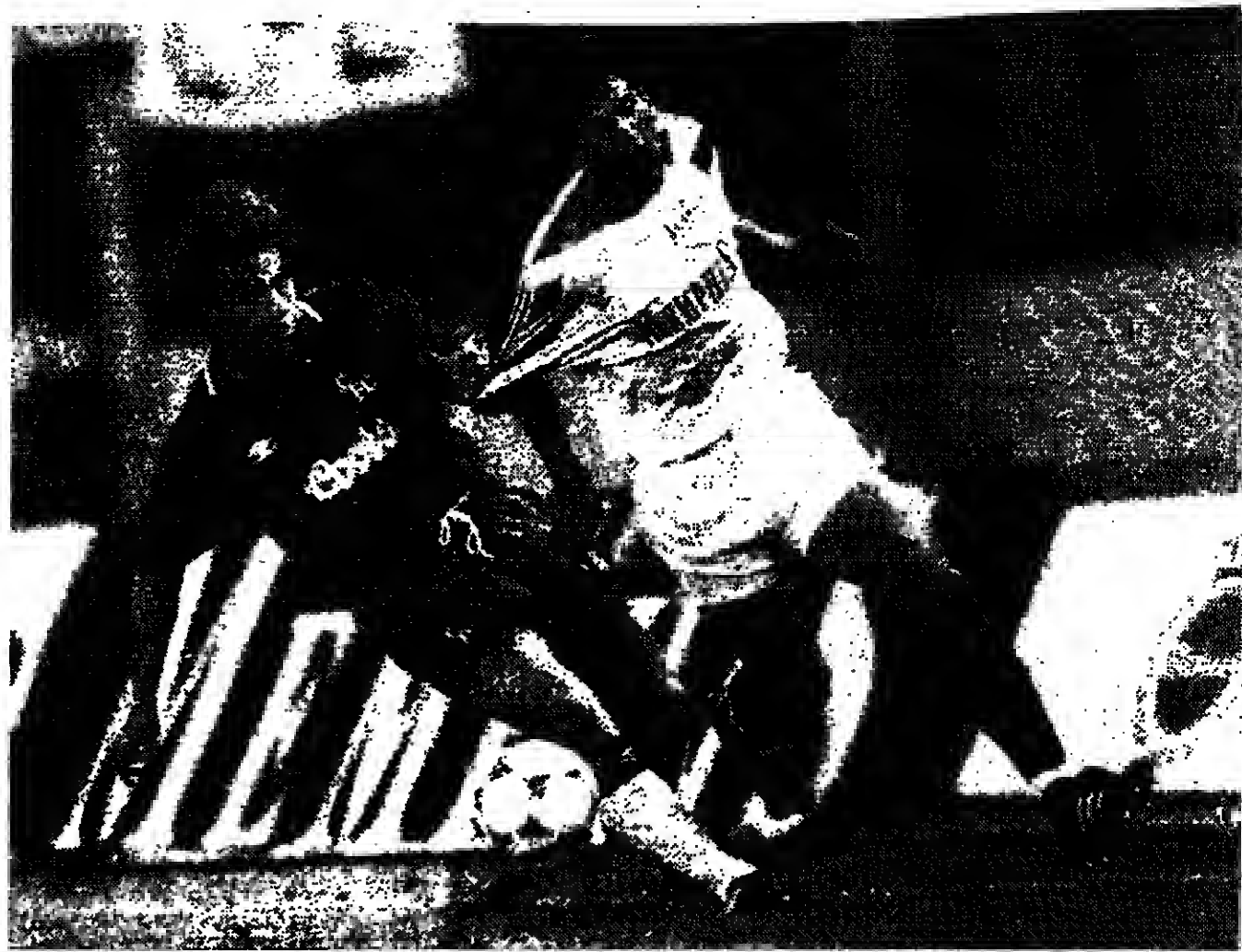
Ferencvaros's Gabor Zavadzky scored after the ball had been knocked aside by Porto's keeper, Vitor Baia, in the 27th minute. In the 53d minute, Fernando Barbosa was expelled after a red card and Porto was left with only 10 men. The second goal came in the 61st minute from Eugen Neagoe, heading in Kenneth Christiansen's pass.

Panathinaikos and Belgium's FC Bruges played to a scoreless draw in Athens, allowing Bruges to advance on a 1-0 aggregate.

In a UEFA Cup match on Thursday in Dortmund, Germany, Karlheinz Riedle scored two goals and paced Borussia Dortmund to a 3-0 victory over Slovan Bratislava that put the German team into the third round.

Borussia advanced 4-2 on aggregate, after losing the first leg 2-1 in Slovakia.

(Reuters, AP)



Garrett Hall of Chelsea pulled Artilla Sekerfioglu's jersey in a battle for the ball during their match Thursday in Vienna.

Claiming Divine Dispensation, Foreman Makes a Fiery Vow

By Gerald Eskenazi
New York Times Service

LAS VEGAS—Suddenly, a mellow, avuncular George Foreman disappeared. He had been given a dispensation by the Almighty to hurt people. Or so he said.

It was as if the clock were turned back 20 years, when a young, snarling Foreman rumbled over opponents and friends alike. Saying he regretted that he had taken it easy on opponents, Foreman implied that he would try to kill the heavyweight champion, Michael Moorer, in their bout here Saturday night.

Foreman's contention sent shock waves through the usually jaded boxing media on hand for the traditional pre-fight news conference between opponents. For Foreman had carved out a television and Madison Avenue career, cashing in on his Gospel-preaching, jocular, rotund countenance.

But his threatening remark Wednesday riled even one of his former opponents, Everett (Bigfoot) Martin, who jumped up to complain: "A preacher doesn't talk the way you talk! Talking about murder?"

Ah, boxing. Was Foreman simply verbally stalking Moorer, 26, as Teddy Atlas, the champ's streetwise trainer, had anticipated?

Foreman, 45, went into a long explanation of how, 20 years ago as champion, he

had talked of hitting Muhammad Ali so hard in their Zaire fight that Ali would be killed. But Foreman said that Ali's fellow Nation of Islam members had reminded him that such talk wasn't nice. Ali knocked him out.

There were other fighters he had taken it easy on, especially during his comeback, including Tommy Morrison, "but I let him off the hook."

"But let me tell you, brothers and sisters, as we stand here..." Then his voice trailed off and suddenly rose again when he said, as if working a congregation into a frenzy, "Can I get a hallelujah!"

Foreman said that two days ago, "The Almighty gave me permission to unwrap myself, unveil who I really am."

He was asked, away from the crowd, why he was now talking of "killing Moorer."

Foreman's eyes narrowed and he shouted: "Don't be lying on me. I never said that, about killing. Don't put words in my mouth. Don't be lying."

But Moorer and Atlas knew exactly what George meant, even if the former champion denied it. Indeed, said Atlas, they had planned not only for the fight, but for Wednesday's tactics of intimidation. Foreman would try to bore forward on Saturday, said Atlas.

"I prepared Michael for this," said Atlas. "It's all

based on Foreman thinking he can con you. This is probably the first time a trainer ever prepared a guy for a press conference."

So when George made his implied, but menacing, promise, the normally taciturn Moorer looked at Foreman and said: "The last time we were here you asked me take off my dark glasses. Well, they're off. You don't know nothing about me, you'll find out Saturday night."

Moorer has not fought for six months, since capturing the World Boxing Association and International Boxing Federation crowns from Evander Holyfield.

Both of these titles have grown in importance with Lennox Lewis's recent loss of his World Boxing Council championship to Oliver McCall, hardly a presence. If Foreman wins, he will be almost universally regarded as the only champion.

That is an honor that Moorer oozes retains, but in a subdued way. When he walked into the casino at the MGM Grand the other day, with his baseball cap on backward and his ever-present dark glasses, no one bothered him for autographs.

Not so Foreman, who was pursued by fans Wednesday and smiled sweetly as he signed dolls and photos and scraps of paper.



George Foreman working out for his heavyweight title fight against Michael Moorer.

SIDELINES

Robinson and Bucks Agree on Deal

MILWAUKEE (AP) — The Milwaukee Bucks and Glenn Robinson, the top National Basketball Association draft pick, agreed Thursday to a 10-year contract, ending a bitter dispute. Terms of the deal were not released.

A Bucks spokesman, Bill King 2d, said the team and Robinson had reached a verbal agreement. Robinson was expected to sign by the end of the day, King said. The Bucks open the season Friday night in Philadelphia. Robinson, the nation's leading collegiate scorer last year as a junior at Purdue, had turned down an offer of nine years and \$60 million, fully guaranteed.

Faldo Shares the Lead in Bali Golf

NUSA DUA, Bali (Reuters) — Nick Faldo put himself back at the head of a leaderboard with a four-under-par 67 in the first round of the Dunhill Masters at the Bali Golf and Country Club on Thursday. The Briton shared first place with Mike Cuning of the United States, Terry Gale of Australia and Krishna Singh of Fiji. One shot back was Colin Montgomerie, the top European player.

For the Record

Tom Gullikson has been reappointed captain of the U.S. Davis Cup team. The National Football League chose San Francisco over Miami to hold Super Bowl XXXIII in 1999. (AP)

SCOREBOARD

Champions League Table						
GROUP A						
	W	L	T	GF	GA	Pts
IFK Goteborg	3	1	0	6	5	6
Borussia Dortmund	2	1	0	6	5	5
Manchester Utd.	1	1	2	6	7	4
Golastad	0	3	1	1	4	1
GROUP B						
	W	L	T	GF	GA	Pts
Paris St. Germain	4	0	0	7	2	0
Borussia Dortmund	1	1	2	4	5	4
Spartak Moscow	0	2	2	4	8	2
Dynamo Kiev	1	3	0	4	6	2
GROUP C						
	W	L	T	GF	GA	Pts
Benfica	2	0	2	4	3	5
Hellas Verli	2	0	1	3	1	5
Steaua Bucharest	0	2	3	2	4	3
Anderslecht	0	2	2	5	2	2
GROUP D						
	W	L	T	GF	GA	Pts
Alex Amsterdarn	2	0	2	5	2	5
KAC Nilon	1	1	3	5	3	3
Costco Salzburg	0	3	3	3	3	3
AEK Athens	0	2	2	2	4	2

penalized two points for fan behavior.

ONE DAY INTERNATIONALS	
Sri Lanka vs Zimbabwe	Thursday, in Harare
Sri Lanka	256-3 (50 overs)
Zimbabwe	280 (fall out, 45-4 overs)
Result:	Sri Lanka won by 56 runs.
India vs New Zealand	Thursday, in New Delhi
India	289-3 (50 overs)
New Zealand	182 (fall out, 45-4 overs)
Result:	India won by 107 runs.

ONE DAY INTERNATIONALS										
Sri Lanka vs. Zimbabwe	2	0	2	5	2	4				
Thursday, in Harare										
Sri Lanka innings: 256-5 (150 overs)										
Zimbabwe innings: 200 (all out, 48.1 overs)										
Result: Sri Lanka won by 56 runs.										
India vs. New Zealand										
Thursday, in New Delhi										
India innings: 289-3 (128 overs)										
New Zealand innings: 182 (all out, 45.4 overs)										
Result: India won by 107 runs.										

DENNIS THE MENACE

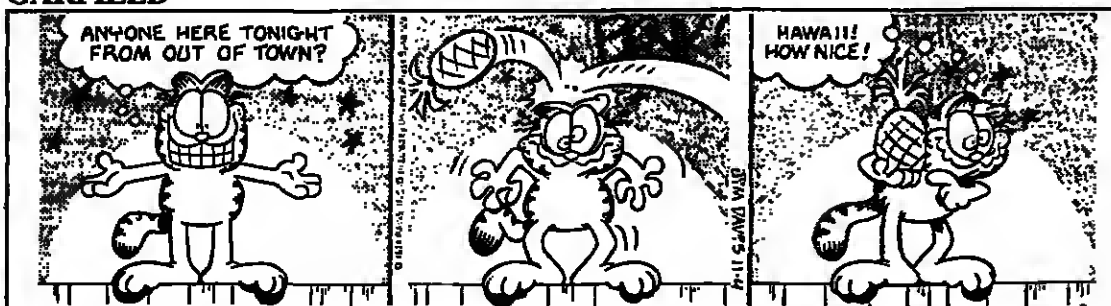


"I THINK GESUNDHEIT MEANS 'YOU MISSED ME'."

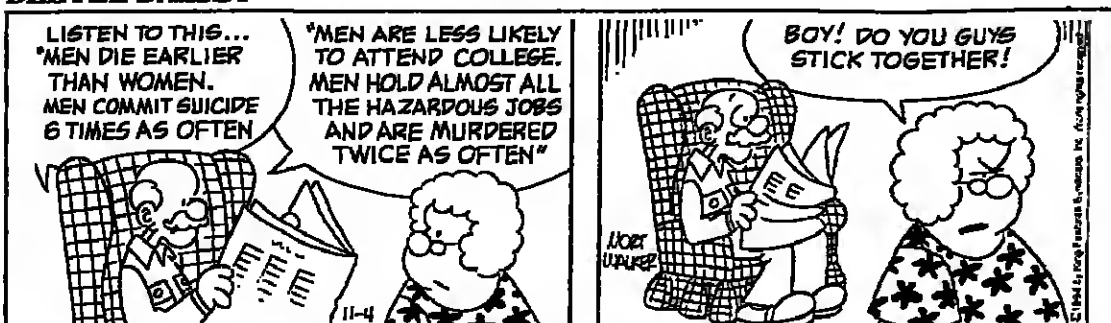
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GARFIELD



BEETLE BAILEY



DOONESBURY



CALVIN AND HOBBS



WIZARD of ID



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For the NBA, Change Is the Name of the Game as a New Season Begins

season and had been offered \$35 million over seven years by Atlanta. Manning signed.

"During his visit, I asked him what was important," Colangelo said. "He listed 'franchise,' 'city,' 'team,' and 'coach.' And then there was 'money.' That's unusual in this day and age."

Likewise, Wayman Tisdale, who made \$2.3 million last season, signed up with the Suns for \$850,000. The Clippers had offered \$7.5 million over three years, but Tisdale, who has played in just four playoff games in nine NBA seasons, wanted to win.

One of the highlights of the season should come early when Atlanta's Lenny Wilkens, one of the classics and most respected coaches in history, passes Red Auerbach and becomes the winningest coach in league history. He begins the season with 926 victories, 12 behind Auerbach.

"When Red established that record," Wilkens said, "nobody, including me, thought it would be broken."

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"I'm pretty sure we'll be meeting next week," acting baseball commissioner, Bud Selig, said.

The owners have not changed their proposal since they gave it to the union on June 14, but they plan to make changes so they can impose a salary cap. They intend to remove their \$1 billion annual guarantee to players, remove any joint sharing of licensing money from both sides and propose minimum salaries.

NATIONAL SIFIED TPLACE

ces and Seminars

inter

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NEW YORK — Major league baseball players and owners, who have met at the bargaining table just four times since the strike began in August, are expected to resume talks next week in New York.

Three sources, one from management and two on the players' side, said Wednesday that mediator W. J. Ustry was prepared to bring the sides back together.

Ustry was appointed by President Clinton as a special mediator on Oct. 14. The strike began, Aug. 12 and there has been just one bargaining session since owners voted to cancel the season.

The sources on the players' side, who asked not to be identified, said they understood meetings would be held Wednesday through Friday.

The management source, also not wishing to be identified, said he understood that next Thursday was the most likely date for the resumption.

The union chief, Donald Fehr, and the management negotiator, Richard Ravitch, could not immediately be reached.

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